DOCUMENT RESUME

ED 280 908 UD 025 405

AUTHOR Murray, Charles; Laren, Deborah
TITLE According to Age: Longitudinal Profiles of AFDC Recipients and the Poor by Age Group. Prepared for the Working Seminar on the Family and American Welfare Policy.
INSTITUTION American Enterprise Inst. for Public Policy Research, Washington, D.C.; Marquette Univ., Milwaukee, WI. Inst. for Family Studies.
SPONS AGENCY John M. Olin Foundation, Inc., Alton, Ill.
PUB DATE Sep 86
NOTE 105p.
PUB TYPE Statistical Data (110) -- Reports - Research/Technical (143)

EDRS PRICE MF01/PC05 Plus Postage.
DESCRIPTORS *Dropouts; Early Parenthood; Economically Disadvantaged; Federal Programs; *Poverty; *Public Policy; Quality of Life; *Unemployment; *Unwed Mothers; *Welfare Recipients; Work Experience

ABSTRACT

Using findings of the Panel Study of Income Dynamics (PSID), this report discusses how people become poor and why they stay that way. The PSID reveals that the requirements for getting out of poverty in the United States are so minimal that it takes a mutually reinforcing cluster of behaviors to remain in poverty, even for blacks and females. The following activities are enough to ensure permanent escape from poverty: (1) attending public school and completing high school; (2) finding a job and remaining with it; and (3) avoiding out-of-wedlock births. Of all men aged 20 to 64 with a high school education, only .6 percent were in poverty in 1970; 4.7 percent of black male heads of households were in near-poverty by 1980; and 2 percent of all women with high school educations were poor. Though 8.5 percent of black women with high school educations were poor, over 90 percent were not. Current public policies have the following effects: (1) they dissuade young people from acting in a manner leading to prosperity, thus creating a problem of poverty among the elderly in the future; and (2) they prevent the young disabled from leading productive lives. The urgent task of the state is not to get more money into people's hands, but to do what a government can to nourish and protect an environment within which people who have enough money to lead a decent existence are able to do so without fear of crime, drugs, and ineffective schooling for their children. (PS)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

2-24-87

ED280908

ACCORDING TO AGE

Longitudinal Profiles of AFDC Recipients and the Poor by Age Group

by Charles Murray

Bradley Fellow, Manhattan Institute
for Policy Research

with Deborah Laren

Institute for Public Policy Studies,
University of Michigan

UD 025 405

Prepared for the Working Seminar
on the Family and American Welfare Policy

September 1986

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY

Charles Murray
Manhattan Institute

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

☒ This document has been reproduced as received from the person or organization originating it.

☐ Minor changes have been made to improve reproduction quality.

- Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

PREFACE

This report was prepared for the Working Seminar on the Family and American Welfare Policy. The Working Seminar is seeking to identify new directions in family and welfare policy reform.

Much new thinking has been given to poverty in the last few years. Experiments from the 1960s and 1970s have been sifted and evaluated. Thinkers from the right have joined thinkers from the left in seeking a new realism. Surely--everybody seems to think--we can do a better job than we have been doing.

Bill Moyers's much discussed television documentary and the subsequent Washington Post series on teenage pregnancy illustrate the new spirit. Both raised new questions; both suggested a new spirit of experimentation; and both stressed a new emphasis on cultural values and personal responsibility, in addition to political initiatives.

The Working Seminar will build on such beginnings. It will aim at giving policy makers, community leaders, and concerned citizens a fresh and considered body of thought, derived from a practical and an ethical standpoint. Welfare and family problems need to be addressed by government, by mediating structures within society, and by individuals themselves, along a very broad front and in new ways.

The Working Seminar is exploring the following issues: (1) who now are the poor, in all their variety; (2) the role of culture and values in poverty; (3) the role of family and family breakdown; (4) how the federal government can affect the poverty cycle; and (5) the ability of states, localities, and the private sector to foster innovation and reform.

The Working Seminar is comprised of former members of the Reagan, Carter and Nixon administrations and other experts on welfare and family policy:

Michael Novak (Chairman), George Frederick Jewett Scholar in Religion and Public Policy, American Enterprise Institute.

John Cogan (Vice Chairman), Principal Associate Director, Hoover Institution; former Associate Director, Office of Management and Budget for Human Resources.

Martin Anderson, Senior Fellow, Hoover Institution; former Assistant to the President for Policy Development.

Douglas J. Besharov, Resident Scholar, American Enterprise Institute; former director, U.S. National Center on Child Abuse and Neglect.

Barbara Blum, President, Foundation for Child Development; former commissioner of the NYS Department of Social Services.

Allan Carlson, President, Rockford Institute; author of numerous works on welfare and social demographics.

Michael Horowitz, Partner, Dickstein, Shapiro & Morin; former Counsel to the Director of the Office of Management and Budget.

S. Anna Kondratas, Schultz Fellow for Health and Urban Affairs, Heritage Foundation; author of numerous works on welfare reform.

The Hon. Jeane Kirkpatrick, Senior Fellow, American Enterprise Institute; former Ambassador to the United Nations.

Leslie Lenkowsky, President, Institute for Educational Affairs; author of numerous works on welfare reform.

Glenn Loury, Professor of Political Economy, Kennedy School of Government, Harvard University; former Professor of Economics and Afro-American Studies, Harvard University.

Lawrence Mead, Professor of Politics, NYU; author of numerous works on work requirements for welfare recipients.

Donald Moran, Vice President, ICF Incorporated; former Executive Associate Director, Office of Management and Budget.

Charles Murray, Fellow, Manhattan Institute; author of numerous works on welfare dependency.

Richard Nathan, Professor of Public and International Affairs, Woodrow Wilson School; Chairman, Manpower Demonstration Research Corporation.

Richard J. Neuhaus, Director, Center on Religion and Society; author of numerous works on mediating structures.

Frank Raines, Partner, Lazard Freres; former member of the Domestic Council staff.

Robert D. Reischauer, Senior Fellow, Brookings Institution; former Deputy Director, Congressional Budget Office.

Stanford Ross, Partner, Arnold and Porter; former Commissioner of the Social Security Administration.

Michael Stern, Vice President, R. Duffy Wald & Associates; former Staff Director, Senate Finance Committee.

In addition, the following persons participate in the Working Seminar's deliberations:

Terry Hartle, Resident Fellow, American Enterprise Institute; former Research Scientist at Educational Testing Service.

Nicholas Eberstadt, Visiting Scholar, American Enterprise Institute; Visiting Fellow, Harvard Center for Population Studies

Stuart Eizenstat, Partner, Powell, Goldstein, Fraser & Murphy; former Domestic Policy Advisor to the President.

Gertrude Himmelfarb, Professor of History, University of the City of New York; author of numerous works on the concept of poverty.

Alice Rivlin, Senior Fellow, Brookings Institution; former Director, Congressional Budget Office.

William Schambra, Resident Scholar, American Enterprise Institute; author of numerous works on federalism and private sector initiatives in the area of social welfare.

The Working Seminar is sponsored by the Institute for Family Studies of Marquette University under grants from the Lynde and Harry Bradley Foundation. The Seminar is also supported by the John M. Olin Foundation. The American Enterprise Institute provides administrative services for the Working Seminar.

Michael Novak, Chairman   John Cogan, Vice Chairman

CONTENTS

Acknowledgments

Introduction 1

1. The Samples 5

2. Economic Mobility 9

3. Welfare Mothers 33

4. Poor People 65

Acknowledgments

When I expressed interest in using the Panel Study of Income Dynamics (PSID) housed at the University of Michigan, Greg Duncan, co-director of the Panel Study, immediately sent me a User Guide. Later, he arranged for me to take a preliminary look in during a visit to Ann Arbor. When he found I was going to be able to undertake some more substantive work, he gave me advice on traps to avoid and interesting questions to examine. In his generosity with his time and expertise, Greg has exemplified how people who disagree can be colleagues.

The PSID is not only one of the most important social science data bases in the country, it is one of the most treacherous, with a thousand ways to go astray unawares. Deborah Laren is the PSID's virtuoso. At long distance and in addition to her regular duties, she took my most complicated and least articulate requests, explained to me when I was unknowingly asking for the wrong thing, and translated the sense of my requests into data sets and computer runs. Deborah made the paper possible.

Once the data reached Washington it was just me and my computer, so responsibility for the errors that remain is easy to assign.

CAM

INTRODUCTION

The battle over welfare policy has for many years been a battle of stereotypes. Each side has its own, and they are curiously segregated. Hardly anyone of some segments of the right has any doubt that the world is filled with welfare cheats. Hardly anyone of some segments of the left has any doubt that the world is filled with people who have been victimized by society. Each side is convinced that the other's vision has been discredited.

Between these extremes, some convergence has been occurring. It has been aided by the coming of age of the Panel Study of Income Dynamics (PSID), an ambitious longitudinal data base begun in 1968. For the first time, we have a way to track people over their life spans and (still only fragmentarily) the life spans of their children. Technical papers based on the PSID have been appearing for some years, but by far the most influential is a synthesis written for a general audience, *Years of Poverty, Years of Plenty*.[1] It portrays a population in which income rises and falls rapidly and steeply; in which welfare recipiency is a temporary response to unavoidable difficulties, and in which poverty is not the lot of a permanent underclass but, for the most part, a short-term situation into which many people fall and from which they rise. This one-sentence summary does not do justice to the book, but it does do justice to the political message that has been taken from it: Generous income supports are an appropriate response to a turbulent capitalist economy and have not created an underclass.

This paper, written as a background paper for the use of the Working Seminar on the Family and American Welfare Policy, builds on *Years of Poverty*. I take issue with the central argument of *Years of Poverty*, but I emphatically do not pretend to "refute" it. We--all of us, of whatever philosophical leanings--are still in the process of learning what the PSID data mean, and the paper tries to contribute to that process. This paper adds two elements to the accounts of Duncan and others who have written from longitudinal data.

---

[1] Greg J. Duncan with Richard D. Coe, Mary E. Corcoran, Martha S. Hill, Saul D. Hoffman, and James N. Morgan, *Years of Poverty Years of Plenty: The Changing Fortunes of American Workers and Families* (Ann Arbor, Michigan: Institute for Social Research, 1984), Chapter 1.

First, the experience of reading *Years of Poverty* reinforced a feeling I had taken away from reading others--O'Neill, Bane and Ellwood, Danziger and Gottschalk--who have statistically described the poverty and welfare populations. Then and now, I could not recover a *sense* of these populations. I couldn't answer such questions as "If you take a hundred poor people in year X, what's going to have happened to them ten years later?" As I put it in a letter to Michael Novak proposing this paper, "My main purpose will be to describe with untransformed data 'what happened.' The presentation will be descriptive, as transparent as possible, and will have very little complex analysis." That much remains true. There is not so much as a correlation coefficient in the pages that follow. Instead there are many graphs and pie charts.

The advantage of simple descriptions is that they are simple and they describe. The disadvantage is that they leave a lot out. If you really want to know, say, how long PSID women remain on AFDC, you will have to get David Ellwood's most recent discussion.[2] It is much more complete than mine. But you aren't going to be able to remember much of Ellwood's discussion unless you take interesting questions to your reading of him, and that is what I hope this paper is good for: as a prompter of questions to ask of the more detailed and more technical analyses.

The paper's second purpose is to focus attention on the life trajectory in relation to social welfare policy and its consequences. This theme of the paper had its genesis nearly two years ago when I first read *Years of Poverty* and its discussion of economic mobility. Like most readers, I was surprised by the degree of shifting up and down the income quintiles that Greg Duncan and his colleagues described. But then I noticed that their income comparisons were drawn from the end points of 1971 and 1978, which led me to reminisce about my own situation in those years . In 1971, I remembered, I was a graduate student at MIT with a fellowship that left me and my family far below the poverty line. I was at the bottom of the bottom quintile. In 1978, I was a Senior Research Scientist at the American Institutes for Research and, while I was far from rich, I was into the top income quintile. I was one of those people in Greg Duncan's table who had jumped from the bottom to the top in just 7 years. Yet I was no Horatio Alger. I had progressed uneventfully from one stage of life to another and had done about as well as would have been predicted in 1971, no better or worse. What would the description in *Years of Poverty* look like if it took this into account? As I have worked with the PSID data, this original thought has developed into a full-fledged thesis that is reflected in the title. Age is crucial to understanding economic mobility, welfare dependency, and poverty. It is important to know what race a person is, what sex, what education, of what marital status. But most of all, you had better know how old.

---

[2] David Ellwood, "Targeting 'Would-Be' Long-term Recipients of AFDC," prepared for the Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services. Princeton, N.J.: Mathematica, January 1986.

1. THE SAMPLES

It is important that readers understand who is in the samples and how they are being aggregated. The basics are as follow.

The PSID is a longitudinal survey that began in 1968 with interviews of some 5,000 American families. The original sample consisted of a stratified sample that covered the entire national population in representative proportions and a separate oversampling of low-income and minority populations of special policy interest, to ensure large enough numbers of such groups to permit analysis. To reconvert the entire sample into a metric that permits conclusions to be drawn about the general population, each family was assigned a weight. *Unless otherwise specified, all statistics reported here are based on weighted units.*

Each year since 1968 the interviewer has returned (by phone, in recent years). When someone in the family splits from the original family and enters another household, that household is added to the sample. Data are generally obtained from the head of household, but some data are collected about each member of the family. There are numerous ways to choose samples and aggregate data--by head of household or by total number of family members, for example.

The Basic Sample

The intent of my analyses is to make statements about "adults who are on their own." The "basic sample" was chosen for this purpose. Technically, *the basic sample consists of persons in the PSID who in 1970 were either the head of household or the spouse of a head of household, and were between* *the ages of 20 and 64 inclusive.* [1] (In a married couple, the husband was in 1970 always designated head of household). Prompted by my own experience as a student who shortly thereafter became conspicuously "upwardly mobile," I chose to exclude students who had formed families by 1970. The fact that their incomes will typically show large increases over time is contaminated by their artificially low baseline. Similarly, I chose to exclude persons who in 1970 were continuing to live with their parents, because they are not yet in fact "on their own."

The basic sample comprises 4,702 persons: 1,914 men and 2,788 women. The basic sample included 1,451 black individuals and 3,251 nonblack persons who are designated as "white" in the text.[2]

The Blue Collar Sample

The paper presents results for a few intuitively understandable subsets of persons. One of these is called "the blue collar sample." It comprises members of the basic sample who completed high school but are not farmers. They may have taken some nonacademic training beyond high school, but no college. Obviously not everyone in this group has a blue collar job, but the label is more wieldy than "nonfarmers with a high school degree but no college" and is, I think, usefully evocative. The blue collar sample consists of 1,583 persons: 536 men and 1,047 women. The educational difference between men and women accounts for the heavy weighting toward women. Virtually all analyses using the blue collar sample are broken out by sex.

---

[1] Persons under 20 and head of household tend to be atypical in a variety of ways that would confuse the analysis. I am grateful to Greg Duncan for advice on this and other technical issues associated with the selection of the samples. I excluded persons 65 and over because the focus of the paper is on labor market experience. Another tacit sample-selection criteria should be mentioned: The person had still to be in the sample as of the 1983 survey. This raises the spectre of attrition bias: Isn't it likely that the people who dropped out of sight during the fifteen years since the survey began were also systematically different from people who didn't drop out? Considerable attention has been devoted to this question since the PSID began. I have not delved into this literature, but am informed that the best technical judgment, including that reached by Finis Welch in his recent examination of the issue, is that attrition bias has not been a significant problem--although, like most issues involving the PSID, the assessment must depend in part on the specific issue and subsample being employed in the research.

[2] "Hispanic" is not a racial designation, and Hispanics have not until very recently been classified as a separate group in most statistics. In any case, the number of Hispanics does not permit separate analyses. The number of orientals and other nonblacks are statistically trivial. They are grouped with whites because oriental norms on most labor market variables tend to be closer to white than black means.

The College Graduate Sample

This subsample consists exclusively of nonfarmers who have completed at least four years of college.[3] The total number of persons in the sample is 443, divided into 197 women and 246 men.

The Universal Sample

So that the results presented here could be compared directly with those presented in *Years of Poverty*, we prepared a "universal sample" chosen using the same criteria employed in the main *Years of Poverty* analyses. Those analyses included all the members of a family in the count (the variables characterizing the head of a five-person household would be counted five times, as it were). The choice of procedures is entirely a matter of how the data are to be interpreted. For this paper, counting all members of the family would not make sense for many of the analyses, which concentrate specifically on the behavior of the head of household or spouse. Because of limitations of time and space, only a few references to the results from the universal sample have made it into the text. My impression from work to date is that the results from the two methods, when they can be compared, are generally compatible. This is still a first impression, however.

---

[3] Farm income patterns are so peculiar that it seemed easier to leave farmers out than constantly to be explaining that certain results are a function of the farmers in the sample.

2. ECONOMIC MOBILITY

The dynamics of poverty and of welfare dependence are special cases of economic mobility. I therefore begin with an overview of where the nation stands. Is the United States in an era of static income classes? Of upward-climbing Horatio Algers? Of random turbulence?

The Michigan Interpretation

Any discussion must begin with reference to the analysis of the PSID data in *Years of Poverty, Years of Plenty*. The Michigan authors (as I shall call them for convenience) made five major points about economic mobility:

1. The aggregate amount of economic mobility is large. Using income quintiles as the basis for a breakdown, it was found that nearly a quarter of all persons moved at least two quintile positions (up or down), and a total of 60 percent had moved at least one quintile during the years from 1971-78.[1]

2. Attitudinal characteristics had no visible relationship to these changes. The people who believed in hard work and personal responsibility did not do better than people who exhibited less motivation and sense of control over their fates.[2]

3. Changes in family composition--marriage, divorce, and death of a spouse--were the most important explanatory events.

4. Events regarding the labor market played a significant albeit secondary role. Entry into or exit from a full-time job, second jobs and overtime or the lack of them, spells of involuntary unemployment, illness and disability explained some of the economic mobility.

5. More generally, "undesirable life events" (becoming widowed or divorced, major unemployment, illness, becoming disabled, involuntary residential moves, and "a major decrease in family income") occur very

---

[1] Duncan, *Years of Poverty,* 14.

[2] Ibid., 24-5.

frequently--73 percent of all married men experienced at least one such event from 1968 through 1978.[3] Furthermore, education seems to be the best protection: "Apparently something about the skills acquired in school or possibly about the other characteristics of those who completed more schooling (e.g., perseverence or IQ) makes better-educated people more successful at avoiding undesirable life events."[4]

The overall picture was one of great volatility in income, unaffected by the Protestant ethic or its lack, mediated instead by undesirable events that are more or less beyond the control of the people who are bouncing around the income distribution.

What's So Bad About Economic Mobility?

Economic mobility is in itself a fine thing. Indeed, the prospect of economic mobility fuels the American system. It is good that people who work hard should make more money as the years go by and that successful entrepreneurs should get rich; it is also appropriate (perhaps "good" as well) that people who stop working make less money than they did before and that incompetent entrepreneurs should fail. What makes the Michigan findings troubling is the apparent randomness of the mobility: It is *not* good that people be swept up and down the income ladder by a throw of the dice. Thus the first question to ask of the economic mobility data is whether the patterns of change are chaotic or ordered.

This leads us to the problem of defining what "economic mobility" means. To introduce the nature of the problem, consider the following cases of changes in income, asking of each two questions: Does this represent economic mobility as you use that phrase? Does the case have any implications for public policy?

CASE 1. In 1970 a high school graduate gets a job driving a truck. Throughout the 70s, he keeps driving trucks and his paycheck increases a lot, but the pay raises do not keep up with inflation. In 1980, he has lower real wages than he did in 1970.

CASE 2. In 1970 a 25-year-old business school graduate joins General Electric as a management trainee making $20,000 a year. Ten years later, as a 35-year-old executive, his real income has doubled.

CASE 3. After dropping out of high school in 1970, a man hitchhikes to Alaska and gets a job on the Alaskan pipeline, making triple the average wage for unskilled workers of his age and experience. After the pipeline is completed, he continues to work but in 1980 is making only the average wage.

---

[3] Ibid., Table 1.5, 27.

[4] Ibid., 27.

CASE 4. In 1970 a two-income couple in their late forties make $30,000. When the kids graduate from college, the wife quits work. In 1980 the husband's real labor income is larger than it was in 1970, but total family income has fallen.

CASE 5. In 1970 a woman goes to work for a salary of $8,000 a year. In 1975 she marries a man who makes $80,000 a year.

CASE 6. In 1980, when the man is making $100,000, she divorces him, getting $20,000 a year in alimony.

The purpose of listing these cases is to highlight two different and very important points. One is that *the construct we intuitively have in mind by "economic mobility" is not the same as "change in real family income."* Very few readers will have considered all of those cases to represent what the reader has in mind by "economic mobility" even though in each case the subject experienced a substantial change in purchasing power. The second point is that *a large variety of changes in income have nothing to do with public policy*, including almost all legally achieved upward changes, but also a large portion of downward ones. (Does any reader think that the Alaskan pipeline wages should have been sustained?)

I am arguing that the construct of "economic mobility" carries with it the connotation of an unusual change in occupational or social status. The snare is that word "unusual." Thus the woman whose income went from $8,000 in 1970 to $80,000 in 1975 when she married may or may not have been upwardly mobile in the classic sense. If she was a 30 year-old high school graduate clerking at Safeway, then what happened to her was unusual. If she was a 23-year-old Bryn Mawr graduate interning at Sotheby's, then what happened to her subsequently is fairly ordinary.

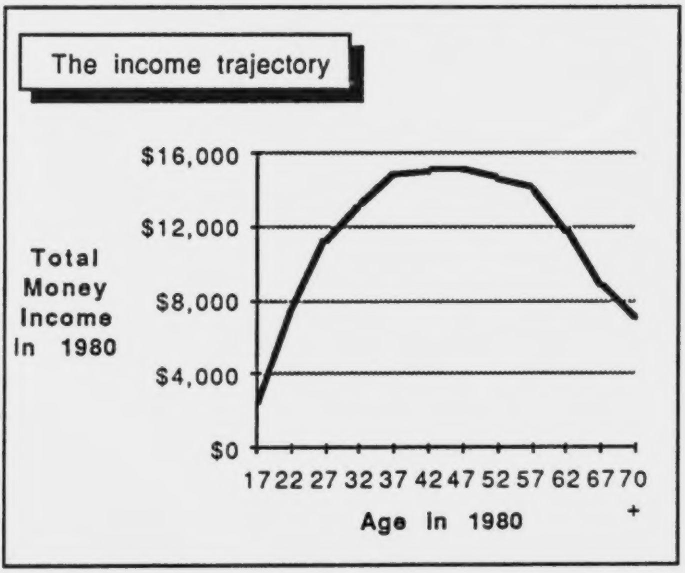
When we divorce economic mobility from this underlying notion and talk simply of income changes, the data lose their meaning. An unadorned cross-tabulation showing the income quintiles of a population in 1970 and in 1980 cannot be interpreted. We have no idea whether the cell values are "big" or "small." To see this, consider the experience of persons in the PSID who had formed their own households and were available for the labor market as of 1970--the basic sample. By 1980, these were the changes in total family income, measured in constant dollars, that they had experienced:

More than doubled their real income	10%
As much as doubled their real income	40%
Lost up to half of their real income	37%
Lost more than half of their real income	13%

Is that 13 percent figure a lot or a little? Is it evidence that too many people are losing their shirts in a dog-eat-dog economy? Does it represent about the right proportion? How many of that 13 percent are losing their shirts at all, and how many are retirees? Of those who made money, how many are Horatio Algers and how many are people working their way up a very stable and predictable ladder? To make judgments about the implications for the health of the polity and for public policy, what ideally we would like to know are the cell values for two other tables altogether, one of which we might entitle "People Experiencing Unusual Changes in Income," and the other of which might be called "People Experiencing Changes in Income that Might Suggest Changes in Public Policy." My strategy for approaching those tables (they may only be approximated with the PSID data) is to determine "the normal course of events" and then examine the outliers.

The Income Trajectory

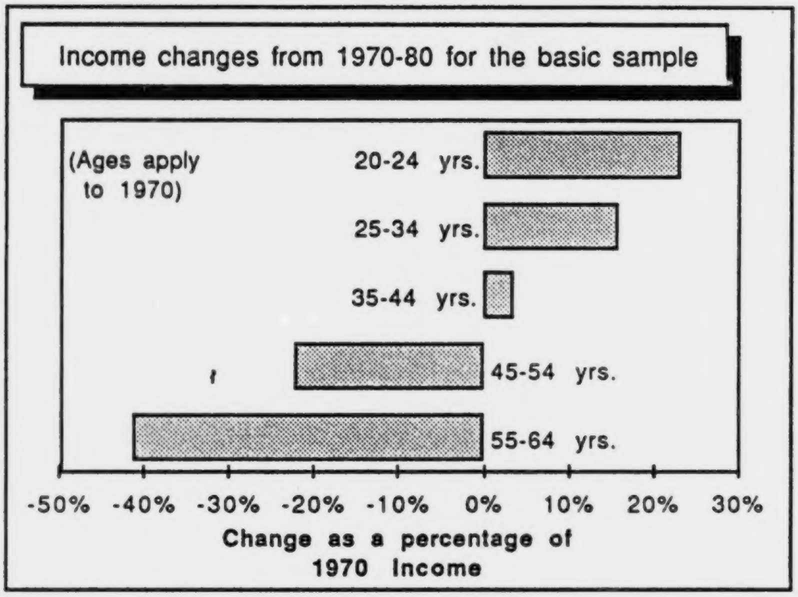
In the normal course of events, people have very little discretionary income until they leave school. They enter the labor market at the bottom of the wage scale. Income grows through their mid-30s, then plateaus. It tends to fall in the fifties, as increasing numbers of older workers leave the labor force early (trading off income for leisure) or because of disability or retirement. The extreme shifts in mean personal income by age group cross-sectionally for 1980 are shown below, using data for 1980 from the Bureau of the Census's Current Population Survey (CPS):



"Age" under 70 represents middle year in a five-year group.
Source: Bureau of the Census, P-60, No. 132, Table 50.

One may think of the importance of the age-income distribution this way: If personal income for persons 15 and older is divided into quintiles, the average person begins at the bottom quintile as a teenager and moves up to the next-to-the-top quintile by the time he reaches thirty. He drops into the middle quintile in his early sixties, and then nears the next-to-the-bottom quintile subsequently. In other words, if we look only at income figures, the average person looks very much like a huge success in his twenties and a clumsy failure in his sixties.

The CPS data are cross-sectional. The longitudinal data in the PSID that we will be exploring show the same pattern, as shown below:



Sample: All persons in the basic sample. Income is expressed in constant dollars.

In a decade when inflation was high and personal income for the population as a whole did not grow, males who began the decade aged 20-44 years saw large increases in real family income.[5] Males who began the decade aged 45-64 saw large decreases.

Income change that occurs as a natural element of the life cycle is generally uninteresting from a policy perspective. Such change occurs not because the economy is healthy or sick, not because opportunity is narrow or abundant, but (by and large) because that's the way the world works. (Contemplate, for example, the implications if income did *not* rise among young workers and did *not* fall among age groups with large proportions of retirees.) This is by no means to say that all income increases among young people are to be taken for granted or that all income decreases among the elderly are benign. Analyzed case by case, and given enough detailed information (more than is available in the PSID), there are undoubtedly many young people for whom a modest increase in income represents a major achievement; many old people for whom a modest decrease represents unexpected catastrophe. But if we are trying to develop a national profile of economic mobility, the typical lifespan trajectory is indispensable in interpreting the data.

---

[5] Income for 1970 and 1980 represent averages for 1970-71 and 1980-81, to dampen aberrational one-year swings.

The table below shows the relationship between the size of income in 1970 (which, as will be the practice throughout the paper, is expressed in 1980 dollars) and the change in that purchasing power over the next decade.

1970 Income (in 000s of 1980 $)	Proportional Change In Real Family Income, 1970-80								TOTAL
	<= -.5	-.5 to -.25	-.25 to 0	0 to +.25	+.25 to +.5	+.5 to +1	+1 to +2	> +2	
Under 5	0.1	0.2	0.3	0.5	0.4	0.4	0.2	0.3	2.3
5-10	0.7	1.7	1.2	1.4	0.6	0.7	0.8	1.1	8.1
10-15	1.4	2.0	1.5	2.0	0.9	1.4	1.1	0.6	10.9
15-20	1.7	2.7	2.6	2.8	2.0	1.9	1.2	0.4	15.2
20-30	3.4	4.8	5.7	6.1	4.4	3.7	1.3	0.2	29.6
30-40	2.5	3.1	4.3	3.7	1.7	1.2	0.8	0.1	17.5
Over 40	3.4	3.8	3.7	2.8	1.3	0.8	0.3	0.2	16.4
Total	13.1	18.3	19.3	19.3	11.4	10.1	5.6	2.9	100.0

Weighted percentages for the basic sample. Sample n (unweighted) = 4,702. Table reads: "In 1970, 17.5 percent of the sample lived in a family with between $30,000 and $40,000 in 1980 purchasing power. 2.5 percent of the sample had this level of purchasing power in 1970 and saw it drop by at least half during the 1970s."

The table shows a few basic and predictable patterns. For example, most of the large proportional losses occurred among the upper income levels. Among those who lost half or more of real family income, only 6 percent had family incomes under $10,000, whereas 45 percent had incomes over $30,000. Less predictably, the large proportional income gains were not nearly as concentrated among those who started from a low baseline. Among those who at least doubled their real income, 28 percent began with family incomes under $10,000, while 16 percent had begun at the $30,000+ level. Even these patterns don't mean very much in the absence of more information. The table is presented primarily for the record. The same is true of the next table, which shows the overall distribution of family income changes by age group:

Age in 1970	Proportional Change in Real Family Income, 1970-80								
	<= -.5	-.5 to -.25	-.25 to 0	0 to +.25	+.25 to +.5	+.5 to +1	+1 to +2	> +2	TOTAL
20-24	0.6	1.1	1.4	2.5	1.9	1.9	1.2	0.8	11.4
25-34	1.3	2.3	3.8	6.0	4.1	3.2	2.0	1.2	23.7
35-44	2.4	4.0	5.3	5.7	3.5	3.1	1.8	0.4	26.1
45-54	3.8	5.9	5.7	3.2	1.2	1.3	0.5	0.2	21.8
55-64	4.9	5.1	3.1	1.9	0.7	0.5	0.3	0.3	16.8
TOTAL	13.1	18.3	19.3	19.3	11.4	10.1	5.6	2.9	100.0

Weighted percentages for the basic sample. Sample n (unweighted) = 4,702. Table reads: "In 1970, 26.1 percent of the sample were ages 35-44 years old. 1.8 percent of the sample were in this age group and increased their real family income by 100 to 200 percent (i.e., at least doubled their family's purchasing power but did not more than triple it)."

The same comments apply: predictably, most of the reductions occurred among the elderly (66 percent of all losses of more than half of family income were among people who were 45 or older in 1970) and most of the increases occurred among the young (61 percent of all doublings or better occurred among people who were under 35 in 1970).

These income changes have to be put in context to be interpretable. I will try to do so in two stages. First, I will characterize what happened to some populations of interest--young black women, elderly blue collar workers, and so forth. The tables from which they are drawn are appended after the discussion, so people with a special interest in a subpopulation may take a closer look.[6] Next, I will take one substantial group (young men in their prime working years) and examine more closely what seems to be behind the income shifts.

The Young

BLUE COLLAR MEN. We begin with the youngest, 20-24 in 1970. They have graduated from high school, perhaps gotten a little other technical training. Ten years later, almost everybody is doing better. Almost the only ones who are making less money (real purchasing power) are the ones who were making unusually high salaries to begin with. Subtract the ones who were making more than $20,000 a year to begin with, and 85 percent gained real income.

COLLEGE GRADUATES. Consider the ones aged 24-35 in 1970, just getting into their careers. Ninety-two percent of those who were making less than

---

[6] In all, we ran these income change tables plus means and medians for the universal sample, basic sample, college sample, and blue collar sample by sex, race, and age group (20-24, 25-34, 35-44, 45-54, and 55-64). A copy of the table for a group or groups of special interest can be provided upon request.

$30,000 in 1970 had increased their real income by 1980. Even those who started out at unusually high levels did well: almost two-thirds (64 percent) of those who made *more* than $30,000 in 1970 increased their real incomes.

WHITE WOMEN. Again we are looking at the 25-34 year-old age group: starting careers if they graduated from college, continuing jobs if they have been working since high school, but in the majority of cases combining these activities with marriage and children. Overall, exactly two-thirds saw an increase in real income over the decade. Among those whose families had an income of less than $20,000 in 1970, 73 percent gained.

BLACK WOMEN. This is a good point to ask what one would predict about the family incomes of young black women. It is the same age group as the whites I just described, but the image of the young white woman that comes to mind is of a wife with a house in the suburbs and/or a job in an upscale office. The image of a black woman of the same age that is more likely to come to mind is of a woman in an inner city slum with a bad job or no job at all. It must be borne in mind as well that this was the 1970s, with rising unemployment, high inflation, and no overall increase in personal income for the nation as a whole. So what percentage of adult black women, ages 25-34 would you predict gained real income? The answer is that 58 percent overall gained, 66 percent of those who were making less than $20,000 in 1970. The gains were less than those among their white counterparts. But based on the national figures, I would have predicted much worse.[7]

The Middle-Aged

The age group comprises those who were 34-45 in 1970. I take an extreme contrast:

COLLEGE-EDUCATED WHITE MEN. They did quite well for themselves. In fact, even the losers didn't lose much. They began the decade with a handsome average income of $45,000 and went up from there. By 1980, the average was $62,000 . Seventy-four percent of the men shared in that increase. Of the one-in-four who did not, half had started the decade in the top category, somewhere over $40,000. Nobody lost as much as half his real income, which, translated, means that everyone in the whole sample was making more family income in current dollars by 1980 than they had in 1970, even if they hadn't kept up with inflation.

---

[7] Using population means, I would have been right. Remember that this comparison refers to the proportions who gained, not the raw amount of money involved. On that score, white women were doing much better at the outset of the decade ($26,785 mean family income) than black women ($16,632). Furthermore, while mean white income went up slightly, mean black income dropped. The point is not that black women were doing well, but that the proportion who gained real income was larger than might be expected.

HIGH-SCHOOL-EDUCATED BLACK MEN. In preparation and social position in the society, this group provides a polar contrast with the college-educated white male. The mean opening family income for black men with a high school education was $27,163; the mean closing family income had not increased but dropped to $25,731--in the same decade when the typical white college-educated man in the same age cohort was watching his much higher initial income rise by almost 40 percent. The raw sample size in the PSID is small (22), so the following statement about proportions must be read with caution. Nonetheless, consider not just that the average income went down, but that of those black men who had a 1970 family income in the average range (i.e., $20,000-$30,000), 75 percent lost real income over the 1970s.

The Late-Middle-Aged

BLUE COLLAR MEN, 45-54. Most lost income, as men in this age group of any race or education might be expected to lose income. In all, 72 percent had smaller real family incomes at the end of the decade than they had at the beginning. More optimistically, an extremely large share of the reductions took place at the highest income levels. Among the losers, 94 percent had been earning more than $20,000 when the decade began.

COLLEGE MEN, 45-54. Some college graduates are at the peak of their earning power in their fifties and early sixties, but for the population of such men, the reasons why income go down are compelling. They range from wives who quit working to early retirement to voluntary changes to less intensive work. For these and other reasons, 65 percent of college men in this age group had smaller real family incomes in 1980 than in 1970. And, in the usual pattern, the bulk of the reductions came among those who were making the most money--in this case, 70 percent of those who lost income had been making over $40,000 in 1970. Nobody who made less than $20,000 in 1970 lost money, but this doesn't mean much since hardly anyone was making that little--98 percent of this group had incomes above $20,000 when the decade began, and 90 percent had incomes above $30,000.

The Elderly

BLACK WOMEN, 55-64. The table on income changes among elderly black women is grim. Eighty percent of elderly black women lost income. What makes this phenomenon especially relevant to social welfare policy is that the people who lost it were often the women who had least to begin with. Almost two-thirds of the losers were women whose family income (expressed in 1980 dollars) as of 1970 was less than $15,000.

WHITE WOMEN, 55-64. Once again, the differences in income *change* are not as great between black and white women as might be expected. Seventy-four percent of elderly white women lost income (compared to 80 percent of elderly black women) and the losses again were especially great among the people who could least afford them. In the case of whites, more than a third of the people who lost made less than $15,000 in 1970; more than half were among women whose income was under $20,000. What cannot be estimated from these data are the resources available from family in the form of a place to live or coverage of certain expenses, or of an estate that does not show as income but nonetheless provides financial security. Presumably the latter at least is much more prevalent among white women than black.

BLUE COLLAR MEN, 55-64. Turning once again from the racial comparison to an educational one, consider the blue collar worker as he reaches retirement age. Virtually everybody lost income (86 percent), but the losses were not as ominous as those sustained by women. Only 7 percent of those who lost money had initial family incomes under $15,000 (compare that with the comparable proportions for black and white women).

COLLEGE MEN, 55-64. No one is immune from income loss with age. Even in this most successful of groups, 89 percent lost income. On the other hand, 78 percent had been making over $40,000 when the decade began, so few are likely to have been starving.

The Point

The thumbnail sketches of each group barely touch all the things that might be said about the income dynamics within each, as those who inspect the following tables will discover for themselves. The point is how predictable they were. The portrait that emerges is very far from being chaotic. Among the younger age groups, there were gains. Among the better educated, the gains were nearly universal. Among those who brought less to the job market, the gains were less consistent. Among the older populations, there were reductions. The reductions tended to occur (with some important exceptions) among those who were above the average at the outset. Men, who are the main source of income for most families, did better than women, who are more vulnerable to income losses from divorce.

How Much is Explained by Age?

To claim that age accounts for variation in income is to assert a statistically testable proposition. The testing itself is beyond the scope of this paper, but certainly not beyond the scope of someone else with access to the PSID. Before warming up the computers, however, it is important to note two specific features of this argument that make it inadvisable to run a linear regression of (INCOME_{t2}-INCOME_{t1}) on AGE_{t1} and publish the R^2.

First, the relationship is nonlinear: See the income trajectory in the figure that opens the discussion. The relationship is not just nonlinear; the

TABLES FROM WHICH THE DESCRIPTIONS OF THE VARIOUS POPULATIONS WERE DRAWN

BLUE COLLAR MALES, 20-24

Unweighted sample n= 62, weighted population=2,296.

1970 Income (in 000s of 1980 $)	Proportional Change in Real Family Income, 1970-80								
	<= -.5	-.5 to -.25	-.25 to 0	0 to +.25	+.25 to +.5	+.5 to +1	+1 to +2	> +2	TOTAL
Under 5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5-10	2.1	0.0	0.0	0.0	0.3	2.2	3.0	1.9	9.4
10-15	0.0	0.0	1.0	0.0	1.4	7.5	2.0	0.0	11.9
15-20	2.8	1.7	0.0	8.9	12.5	6.6	1.7	0.0	34.3
20-30	2.7	6.1	10.4	5.7	15.5	2.3	0.0	0.0	42.6
30-40	0.0	0.0	1.9	0.0	0.0	0.0	0.0	0.0	1.9
Over 40	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	7.5	7.8	13.3	14.6	29.7	18.6	6.6	1.9	100.0

COLLEGE MALES, 25-34

Unweighted sample n=69, weighted population=2,793.

1970 Income (in 000s of 1980 $)	Proportional Change in Real Family Income, 1970-80								
	<= -.5	-.5 to -.25	-.25 to 0	0 to +.25	+.25 to +.5	+.5 to +1	+1 to +2	> +2	TOTAL
Under 5	0.0	0.0	0.0	0.0	1.5	0.0	0.0	1.5	3.0
5-10	0.0	0.0	0.0	0.0	0.0	0.0	4.3	0.0	4.3
10-15	1.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.5
15-20	0.0	0.4	0.0	3.1	1.4	0.0	1.5	0.0	6.4
20-30	0.0	0.0	1.4	7.8	5.2	8.4	1.3	0.3	24.6
30-40	1.3	4.3	5.2	4.3	6.0	2.8	4.0	0.2	28.1
Over 40	1.7	3.7	5.4	11.1	4.7	2.9	1.1	1.3	32.0
Total	4.5	8.4	12.0	26.4	18.9	14.2	12.3	3.3	100.0

WHITE WOMEN, 25-34

Unweighted sample n=441, weighted population=17,529.

1970 Income (in 000s of 1980 $)	Proportional Change in Real Family Income, 1970-80								
	<= -.5	-.5 to -.25	-.25 to 0	0 to +.25	+.25 to +.5	+.5 to +1	+1 to +2	> +2	TOTAL
Under 5	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
5-10	0.5	0.3	0.2	0.2	0.3	1.0	0.7	1.9	5.0
10-15	0.9	1.0	0.8	2.5	1.8	1.0	1.3	1.3	10.6
15-20	0.6	1.2	3.6	3.0	3.1	2.9	3.0	0.9	18.4
20-30	2.4	3.5	5.4	8.6	6.7	4.5	1.4	0.8	33.1
30-40	1.2	2.9	2.4	4.6	3.6	0.9	1.1	0.3	17.1
Over 40	0.9	2.0	3.6	4.0	3.1	1.8	0.0	0.2	15.7
Total	6.6	10.9	16.0	22.9	18.7	12.2	7.5	5.4	100.0

BLACK WOMEN, 25-34

Unweighted sample n=248, weighted population=2,071.

1970 Income (in 000s of 1980 $)	Proportional Change in Real Family Income, 1970-80								
	<= -.5	-.5 to -.25	-.25 to 0	0 to +.25	+.25 to +.5	+.5 to +1	+1 to +2	> +2	TOTAL
Under 5	0.8	0.2	0.2	0.0	0.1	0.3	1.4	0.8	3.9
5-10	0.8	3.1	1.7	1.7	5.3	2.0	3.4	0.5	18.5
10-15	2.9	2.4	1.1	3.6	1.3	4.6	3.9	0.0	19.7
15-20	2.0	1.4	2.4	4.1	2.9	1.9	0.3	0.1	15.2
20-30	0.9	4.7	9.6	6.0	3.5	2.9	0.0	0.0	27.7
30-40	2.8	0.8	3.1	4.3	0.0	0.0	0.0	0.0	11.0
Over 40	0.0	0.2	1.1	2.8	0.0	0.0	0.0	0.0	4.0
Total	10.3	12.8	19.2	22.5	13.1	11.8	9.0	1.4	100.0

WHITE MALE COLLEGE GRADUATES, 35-44

Unweighted sample n=93, weighted population=3,967.

1970 Income (in 000s of 1980 $)	Proportional Change in Real Family Income, 1970-80								
	<= -.5	-.5 to -.25	-.25 to 0	0 to +.25	+.25 to +.5	+.5 to +1	+1 to +2	> +2	TOTAL
Under 5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5-10	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10-15	0.0	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.4
15-20	0.0	0.0	0.0	0.0	0.0	1.5	0.0	0.0	1.5
20-30	0.0	2.5	4.1	4.0	3.8	3.3	0.9	0.0	18.6
30-40	0.0	1.0	4.6	9.0	6.0	5.0	4.5	0.0	30.1
Over 40	0.0	2.9	10.6	17.4	9.0	4.3	3.9	1.3	49.5
Total	0.0	6.5	19.7	30.4	18.8	14.0	9.3	1.3	100.0

BLACK MALE HIGH SCHOOL GRADUATES, 35-44

Unweighted sample n=22, weighted population=339.

1970 Income (in 000s of 1980 $)	Proportional Change in Real Family Income, 1970-80								
	<= -.5	-.5 to -.25	-.25 to 0	0 to +.25	+.25 to +.5	+.5 to +1	+1 to +2	> +2	TOTAL
Under 5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5-10	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.0	0.3
10-15	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.3
15-20	0.0	0.0	0.6	0.0	15.3	0.0	0.0	0.0	15.9
20-30	11.2	12.4	9.7	10.9	0.0	0.0	0.0	0.0	44.2
30-40	0.0	1.2	13.6	23.9	0.0	0.6	0.0	0.0	39.2
Over 40	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	11.2	13.9	23.9	35.1	15.3	0.6	0.0	0.0	100.0

MALE HIGH SCHOOL GRADUATES, 45-54

Unweighted sample n=106, weighted population=4,275.

1970 Income (in 000s of 1980 $)	Proportional Change in Real Family Income, 1970-80								
	<= -.5	-.5 to -.25	-.25 to 0	0 to +.25	+.25 to +.5	+.5 to +1	+1 to +2	> +2	TOTAL
Under 5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5-10	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.4
10-15	0.0	0.0	1.3	0.1	0.0	0.9	0.0	1.1	3.5
15-20	1.0	1.5	0.1	1.1	0.0	0.0	0.0	0.0	3.6
20-30	1.9	4.1	15.3	6.2	0.9	3.7	0.8	0.0	32.8
30-40	6.1	6.3	10.6	7.7	0.0	0.0	0.0	0.0	30.7
Over 40	5.8	12.1	5.2	3.9	1.2	0.9	0.0	0.0	29.1
Total	14.7	24.3	32.5	19.0	2.1	5.5	0.8	1.1	100.0

MALE COLLEGE GRADUATES, 45-54

Unweighted sample n=48, weighted population=2,026.

1970 Income (in 000s of 1980 $)	Proportional Change in Real Family Income, 1970-80								
	<= -.5	-.5 to -.25	-.25 to 0	0 to +.25	+.25 to +.5	+.5 to +1	+1 to +2	> +2	TOTAL
Under 5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5-10	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10-15	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
15-20	0.0	0.0	0.0	0.0	0.0	2.0	0.0	0.0	2.0
20-30	0.0	1.7	2.3	2.0	0.0	1.9	0.0	0.0	7.8
30-40	2.1	2.6	11.2	6.1	2.1	0.0	0.0	0.0	24.1
Over 40	10.0	16.4	18.9	10.3	5.8	2.7	2.0	0.0	66.1
Total	12.1	20.7	32.3	18.3	7.9	6.6	2.0	0.0	100.0

MALE HIGH SCHOOL GRADUATES, 55-64

Unweighted sample n=63, weighted population=2,947.

1970 Income (in 000s of 1980 $)	Proportional Change in Real Family Income, 1970-80								
	<= -.5	-.5 to -.25	-.25 to 0	0 to +.25	+.25 to +.5	+.5 to +1	+1 to +2	> +2	TOTAL
Under 5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5-10	0.0	0.8	0.0	1.6	0.0	0.0	0.0	0.0	2.4
10-15	0.0	3.5	1.7	0.0	0.0	0.0	0.0	0.0	5.2
15-20	3.5	5.2	6.8	2.9	0.0	0.0	0.0	0.0	18.4
20-30	5.2	14.7	6.2	4.5	1.8	1.8	0.0	0.0	34.2
30-40	10.5	0.0	1.6	1.6	0.0	0.0	0.0	0.0	13.7
Over 40	9.7	11.7	4.7	0.0	0.0	0.0	0.0	0.0	26.1
Total	28.9	35.9	21.1	10.7	1.8	1.8	0.0	0.0	100.0

MALE COLLEGE GRADUATES, 55-64

Unweighted sample n=20, weighted population=801.

1970 Income (in 000s of 1980 $)	Proportional Change in Real Family Income, 1970-80								
	<= -.5	-.5 to -.25	-.25 to 0	0 to +.25	+.25 to +.5	+.5 to +1	+1 to +2	> +2	TOTAL
Under 5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5-10	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10-15	0.0	0.0	0.0	2.9	0.0	0.0	0.0	0.0	2.9
15-20	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
20-30	0.0	5.7	7.2	0.0	0.0	0.0	0.0	0.0	13.0
30-40	0.0	1.1	4.4	0.0	0.0	0.0	0.0	0.0	5.5
Over 40	38.3	19.6	12.7	5.2	2.7	0.0	0.0	0.0	78.7
Total	38.3	26.5	24.3	8.1	2.7	0.0	0.0	0.0	100.0

WHITE WOMEN, 55-64

Unweighted sample n=304, weighted population=14,100.

1970 Income (in 000s of 1980 $)	Proportional Change in Real Family Income, 1970-80								
	<= -.5	-.5 to -.25	-.25 to 0	0 to +.25	+.25 to +.5	+.5 to +1	+1 to +2	> +2	TOTAL
Under 5	0.0	0.4	0.8	2.2	1.8	1.0	0.4	0.9	7.5
5-10	2.8	5.0	3.8	4.3	0.8	1.0	0.2	0.2	18.3
10-15	2.6	5.6	4.3	0.9	0.3	0.7	0.4	0.5	15.3
15-20	5.4	6.9	2.5	2.1	1.1	0.0	0.0	0.3	18.4
20-30	6.7	6.7	3.6	1.8	1.6	0.9	0.3	0.0	21.5
30-40	4.9	3.0	0.8	1.4	0.0	0.0	0.0	0.0	10.0
Over 40	5.3	1.8	1.3	0.3	0.0	0.0	0.0	0.3	9.0
Total	27.7	29.5	17.0	13.0	5.7	3.6	1.3	2.2	100.0

BLACK WOMEN, 55-64

Unweighted sample n=100, weighted population=1,142.

1970 Income (in 000s of 1980 $)	Proportional Change in Real Family Income, 1970-80								
	<= -.5	-.5 to -.25	-.25 to 0	0 to +.25	+.25 to +.5	+.5 to +1	+1 to +2	> +2	TOTAL
Under 5	0.0	0.4	9.8	6.8	2.6	2.5	0.2	1.1	23.5
5-10	8.3	8.0	2.7	1.2	0.6	2.6	0.8	0.6	24.9
10-15	10.4	9.5	0.7	0.4	0.5	0.0	0.0	0.0	21.5
15-20	2.4	0.0	0.4	0.0	0.2	0.0	0.0	0.0	2.9
20-30	10.1	4.7	0.2	0.4	0.0	0.0	0.0	0.0	15.3
30-40	0.2	0.0	3.7	0.0	0.0	0.0	0.0	0.0	3.9
Over 40	0.0	3.4	4.6	0.0	0.0	0.0	0.0	0.0	8.1
Total	31.3	26.1	22.1	8.8	3.9	5.2	1.0	1.7	100.0

sign of the relationship changes in midcourse. Income changes are a positive function of age in the early years, and a negative function of age in later years, with a plateau in between and somewhat different shapes depending on race and socioeconomic status.

Second, a quantitative model that operationalizes this discussion must distinguish among different kinds of changes in income. Left to its own devices, the computer will treat a gain of $20,000 of income the same whether it occurred to someone making $10,000 or to someone making $100,000. According to my treatment (and common sense, I suggest), the two are fundamentally different events. Nor can this be circumvented through the use of proportions. The computer will then treat a 40 percent reduction of income the same whether it occurred to someone who remained above the median income or someone for whom the loss meant that his income went from a solid blue-collar income into poverty--again, according to my treatment, two fundamentally different events.[8] After the computer has been taught to make these discriminations, it will still have to distinguish among different sources of change, as I illustrated with the hypothetical cases earlier. The argument in this paper is not that little variance in income trajectories remains once age is taken into account, but that little interesting variance remains. Once we know the age of people, the number of people who experienced *economic* mobility is far fewer than the number who experienced *income* mobility.

To make the distinction clearer, it is helpful to look at the outliers, the oddballs. The proposition is that the notion of turbulence and randomness in income mobility has been oversold. The generalizations that have become part of the intellectual conventional wisdom since *Years of Poverty* cannot be sustained if the data are broken down by age. An important part of this argument involves not those who did what was expected, but those who didn't.

A Closer Look: Reasons Why Young Men Lost Income

The group I will use as the basis for the exploration is young men in the prime working years from early 20s to mid-40s. In terms of the PSID data, this population includes all male respondents who were heading a household as of 1970, were not in school (that is, were fully available for work), and were at least 20 years of age and no older than 34, making them 30-44 when the decade ended. They are the classic population that is supposed to gain income during that period, yet 25 percent of them did not. One out of four had less real family purchasing power than they had in 1970. Who were the losers? What happened to them? What might be the implications for how social welfare policy ought to be structured?

---

[8] Within a week of the circulation of a draft of this paper, I began to hear that "changes in income according to age have already been tested, and don't explain much of the variance," with "variance" treated as an unpartitioned sum of all kinds of changes in income. I hope the above discussion will encourage reasonably faithful operationalizations of the argument. I should add, however, that constructing such tests is far from a cut-and-dried technical problem, which is the reason I did not try an impromptu version for this paper.

The First Cut: What Was the Nature of the Loss?

The measure that we are using for economic gain and loss is total family income measured in constant dollars. Three fundamentally different processes might produce such a result.

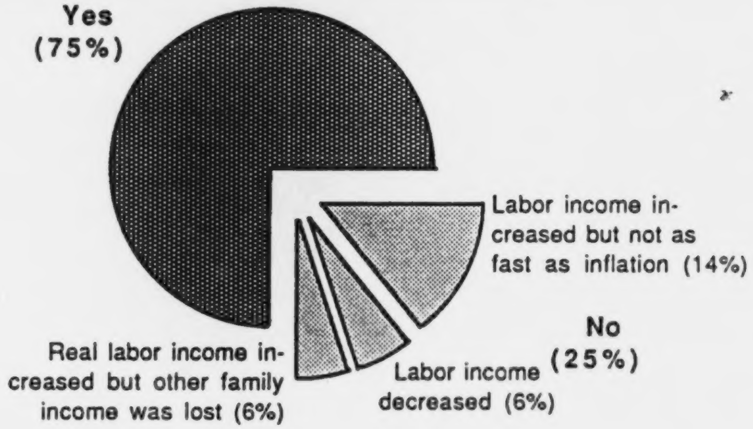
The most basic is that the man is not successful (in one sense or another) in the labor force. The least ambiguous evidence of this is that his paycheck in 1980 is smaller than it was ten years earlier. *Raw labor income decreased,* and along with it total real family income.

The second is that *labor income increased, but not as fast as inflation.* This might mean failure in the labor force or it might mean something else.

The third is that *real labor income* (purchasing power) *increased, but some other source of family income decreased*--the wife quit working or the trust fund gave out. In this case, total family income goes down even though the husband is making more money than ever.

As a first cut at understanding what happened to the losers, let us break down the population of young men 20-34 into the possible categories, as shown below:

Did real family income increase? If not, why not?



Sample: Males 20-34 in the basic sample. Sample n (unweighted): 655. Figures do not add up to 100 percent because of rounding.

The three different types of loss have quite different implications for economic mobility and social policy.

THOSE WHOSE REAL LABOR INCOME INCREASED. The first proposition is that for men in general and almost universally among young men, net losses in total family income because of losses from other income sources have very few implications either for economic mobility or social welfare policy *if the man's own real labor income has continued to increase.* In part this is because in most families the man's income determines economic status, but more importantly (if harder to document) because most men measure their economic success and failure by how much they personally bring in, not by total income. The house that a person can afford may change because a wife quits working or because of a divorce settlement, but socioeconomic *status*--meaning the man's self-perception and others' perception of who he is in the socioeconomic scheme of things--generally does not. The six percent in the figure above whose real labor income rose despite 112 percent inflation during the course of the decade experienced a reduction in family income, but if we are trying to decide which outliers to examine, they have low priority.

THOSE WHOSE LABOR INCOME ROSE, BUT NOT AS FAST AS INFLATION. The PSID began in 1968 contemporaneously with the onset of high inflation which lasted throughout the period (1970-80) that we are examining, making life difficult for people who are trying to discuss economic mobility. In presenting the overall table of income changes, I reported that more than half of the sample were economic losers during the 1970s, in line with the economic fluctuations reported by the Michigan authors. But if the question is the size of the raw dollar income, the picture alters: fully 87 percent of the sample were taking home larger family incomes in 1980 than 1970. This poses a severe problem in analysing economic mobility that has no completely satisfactory solution.

At first glance, the solution seems obvious. When it comes to paying the grocery bill, it makes no difference why or how purchasing power has diminished. Therefore, convert all income figures to constant dollars and ignore the increases in raw income. But while this solution is fine for issues involving purchasing power, it is not so suitable when economic mobility is the topic of interest. Consider the case of a young man who goes to work for a small business in 1970 and does reasonably well. He is never fired or even laid off. Each year his boss compliments his work and gives him a five percent raise. He is not "downwardly mobile" in any sense of personal failure or even of victimization by an unreliable job market. But it remains true that whereas his income from 1970-80 increased by 63 percent, his purchasing power nonetheless fell by 23 percent.

Such a man is in a far different situation from another man who, in a noninflationary economy, finds that after ten years he is working for a paycheck that is 23 percent smaller than the one he earned ten years earlier. *The change in purchasing power is identical but the implications for economic mobility and for public policy are far different.* The man who lost 23 percent in raw dollar income perhaps has a problem with himself or perhaps with an unjust labor market that is failing to reward effort. In any event, he is a likely candidate for being called "downwardly mobile." In contrast, the man who got the five percent raise every year doesn't need protection from the vagaries of the market and he personally does not need to be a better worker or more "attached to the labor market"; he needs protection from inflation.[9]

Stating the distinction is easier than operationalizing it. Clearly, raw wage increases cannot be taken at face value in an inflationary environment. Such increases are in part "cost of living" increases designed to compensate for inflation, so we may not treat any increase in raw dollar income as an increase that would have occurred in the absence of inflation. Neither can we confidently apply an estimate of cost-of-living deformation of wage increases; they varied widely and unsystematically across employers. But neither can we assume that *any* wage increases that failed to keep pace with inflation are ipso facto evidence of downward economic mobility. One of the problems with inflation is that employers often cannot keep up with inflation and tack merit increases on top.

How then may we discriminate between those who got de facto pay cuts and those who did well (relatively speaking) but not well enough to keep up with inflation? For purposes of identifying "outliers"--persons who showed unusual reductions in income--I will limit the set of cases to those who lost at least 25 percent in real income. This is not intended as a hard-and-fast dividing line between those who had problems primarily with inflation and those who had problems primarily with the labor market. Rather, it is a culling rule to avoid selecting a large number of cases about which there is nothing to say except "he was always employed and got steady wage increases, but they just didn't keep up with inflation."

THOSE WHOSE RAW LABOR INCOME DROPPED. The most unambiguous "outliers"--young men whose experience during the 1970s was far off the income trajectory one would expect--are those whose labor income in current dollars was lower in 1980 than in 1970. These men are all prospectively interesting.

---

[9] A technical solution to the problem of inflation is to compare a person's position on the income distribution at different times (as the Michigan authors did, using quintiles). The advantage is that the effects of inflation are sidestepped: The measure of change is not in terms of dollar changes, but rather income relative to other people. The disadvantage is that American family income distribution is bunched, so that the meaning of going "up" or "down" a quintile depends on which quintile is involved. The first quintile in 1970 was roughly $14,000 "wide" whereas the second quintile was only about $6,000 wide. The fifth quintile is infinitely wide, going from about $38,000 on up. Apart from intrinsic difficulties of interpreting changes when the size of the measuring unit varies, the substantive implications of this particular topic are especially vexing. If you were in the bottom quintile at the beginning, moving up one quintile during the 1970s meant going from an income ranging from $0-$14,000 to one in the $14,000-$21,000 range (1980 dollars)--which could represent a huge change in your social and economic status. If you were in the third quintile, moving from the third to the fourth meant that your income moved within the $21,000-$35,000 range. Even if you went from one extreme to the other, you were shifting your position within the middle class. The use of the median income as a benchmark in the subsequent analyses provides some of these benefits.

The Second Cut: How Much Was Lost?

We now approach the task of identifying outliers from a second direction. We put everyone back in the pot again. Now the question is: Among all males who lost real family income (whatever the nature of the loss), *how much* was lost? In the breakdown below, I use the median income for the basic sample and the poverty line as benchmarks.[10]

The nature of the fall	**As a percentage of...**	
	...all males ages 20-34 in 1970	**...those who lost real income**
Fell, but remained above the median	9.1	36.0
Fell from above to below the median	7.2	28.6
Fell from below to even further below the media	6.2	24.4
Fell from above the median into poverty	0.5	1.8
Fell from below the median into poverty	2.3	9.0
Fell even deeper into poverty	0.0	0.2
TOTAL	25.3	100.0

The categories are ordered roughly according to their importance to welfare policy. Thus, at the top are those males who lost real family income but who remained above the median. That they lost real income was too bad for them as individuals, but it is not the kind of loss that suggests a major social problem. A third of the males who lost income fell into this category. It is a form of regression to the mean. Substantively, it lops off a major portion of the population of concern.

More generally, the income losses for this age group were concentrated among those who had more to begin with, and the losses seldom took the form of a fall into poverty. Almost no one who was above the median income in 1970 fell all the way into poverty (only 2 percent of the people who lost income fit this category, and only half of one percent of all young males in the sample). Riches to rags happened very seldom. There were a substantial number of cases, however, in which young males who were not doing well (were below the median) did even less well as the decade went on. In all, more than a third of the losses occurred among young males who were in the bottom half of the income distribution.

---

[10] The median is taken from the entire basic sample. In 1970, it was $24,249 (in 1980 purchasing power); in 1980, it was $23,692. Because the 1980 median was lower than the one for 1970, it would have been possible for someone to have been below the 1970 income, to have experienced a small loss of real family income, but nonetheless to have ended up above the median in 1980. As it happened, this awkward result did not occur among the members of the sample.

The Outliers Identified

We are now ready to choose the outliers. We set aside three groups: those whose real labor income increased even though their total family income dropped, those who remained above the median even though their income dropped, and those who are termed "inflation-based" losers--whose total family income increased by 60 percent or more over the decade, but whose real family income decreased nonetheless because of inflation. They are put aside not because their losses were less serious than those of the others but because there is less in these cases that requires explaining from the point of view of social policy. In a sense, we already know enough about what happened to them to make a case-by-case analysis only marginally productive.

We are left with 77 outliers: young men who (1) lost at least 25 percent of their real family income from 1970-80, (2) had lower real labor income, and (3) ended up below the median family income for 1980. Despite their youth, they experienced pronounced economic losses. Who are they?

FARMERS. Seven of the 77 were farmers (meaning they owned their own farm) in 1980. Five of them had left some other more lucrative job to become a farmer during the course of the decade--including two professionals with college educations. These five cases are hard to interpret: Income had fallen from the 1970 level, yes, and we should not assume that the five necessarily expected this to happen; on the other hand, their incomes remained substantial although below the national median and none appeared to be presiding over failed farms. In the other two cases, people of low education (less than high school) had been farmers throughout and had experienced sharp drops in income.

THE DISABLED. Nine of the 77 (including one of the farmers) were receiving money from the Social Security Administration by 1980 which, given their ages, implies they were receiving money under the Supplemental Security Income (SSI) program and that they had become partially or totally disabled during the decade. Six of the nine had no labor income; five reported no occupation.

EDUCATION. On the surface, education seemed to make surprisingly little difference in outcomes. Ten of the 77 outliers had a college degree--expressed in weighted form, 17.2 percent of the outlier population had at least a college degree, slightly *more* than the proportion holding degrees in the general population of males in the 20-34 age group (15.0 percent). But again a case-by-case examination suggests somewhat different patterns at work among the college-educated and the high-school-educated.

Two of the ten college graduates were among those who decided to buy farms during the decade, discussed above. Two others had almost the same real labor income in 1980 that they had gotten in 1970, but the wife was no longer working or was divorced. Another was a salesman who continued to make $20,000 in labor income in 1980, but had made $30,000 in 1970.

Three of the remaining five described themselves as "self-employed managers or proprietors of small businesses." Their small businesses apparently were ailing. The remaining two had sharply reduced labor income. One reported being unemployed at the time of the interview in 1980.

Among the 42 outliers who were not farmers, not on SSI, and had no academic training beyond high school, only two said they had no occupation. The others all had some labor income and some occupation, almost all (33 of 40) in a blue collar job.

THE DISPLACED BLUE COLLAR WORKER? One of the current objects of policy concern is the displaced worker who used to work in a manufacturing job for a good wage and is now reduced to working in a low-paying service job. To the extent that this is a common experience, one would expect to find some evidence of a shift from industrial jobs toward service jobs among the outliers. The outliers provide no evidence that this constituted a major problem. Of the 77, 6 who held skilled or semi-skilled industrial jobs in 1970 had moved to unskilled or service jobs by 1980. But again, the case-by-case examination suggests that something other than the stereotype (e.g., the steelworker reduced to working at Burger King) was at work. These were the six:

- A high school dropout goes from a low-income operative's job ($9,000 in 1970 labor income) to an even lower-income service job ($6,000).
- A high school graduate goes from a very low-income operative's job in 1970 ($6,400) to an even lower-income service job in 1980 ($3,000).
- A man with a junior high school education goes from an operative's job ($14,000 in 1970) to a service job ($11,000).
- A man with some college lists his occupational category as operative in 1970 and service in 1980, but his labor income is so low in both years ($1,900 in 1970, $500 in 1980) that he is barely in the labor force.
- Two high school graduates go from operative jobs in 1970 (making $8,400 and $12,700 respectively) to unskilled labor jobs in 1980 (making $3,000 and $8,000).[11]

None of the six was originally employed in categories ("craftsmen, foreman, and kindred workers") that were traditionally the high-paying industrial jobs. The most prosperous of the six in 1970 made only $14,000. The operatives' jobs that the six held are not presumptively more skilled or better paid than service jobs.

---

[11] All figures are in 1980 dollars.

SO WHAT HAPPENED? At this point I must turn the exploration over to others; the variables that would permit identification of the specific changes in health, work status, or other possible causes of the outliers' failure in the labor market could not be explored in this paper for all of the remaining persons. Some of the needed variables have been obtained for the group that was in direst straits, however--the eleven of the 42 who had fallen below the poverty line in 1980.

For that group the portrayal is predominantly of married men (all but two) living in small cities, towns, or rural areas.[12] Only two of the eleven reported a physical disability in 1980 that they had not also reported in 1970, and both reported that it only affected their ability to work "somewhat," so it is difficult to attribute their dropping income to physical reasons.

Similarly, the role of the labor market in their misfortune is not simple. Only four of the eleven men reported that they were unemployed and looking for work. Of those four who were unemployed, three were married, but all three wives were housewives not in the job market. More generally, of the nine married men who are the poorest of our outliers, only two reported having wives who are in the labor force (both had jobs). None of the other seven married men reported that the wife was either unemployed or looking for work. All were housewives or, in one case, a student. The inference that is usually drawn automatically from such data is that these families are stymied by the labor market; they*cannot* be making more money (because of lack of jobs or because wages are so low). The inference is possible, but is only an inference. If the family is trying within reasonable limits to increase its income, why is it that the women are not even in the labor market? It seems implausible that all are "discouraged workers" and, judging from the information at hand, only a few of the women are plausibly kept at home by childcare responsibilies. It must be asked as well why the man's hours of labor are so frequently so much less than full time. Is it always unemployment? Or a choice to work less than full-time? An equally plausible inference from the data is of families who could be making more money, and choose not to.

It is difficult to make these points without sounding like a Dickensian mill owner, but they are a needed antidote to the reflexive assumption in *Years of Poverty* that everyone without a full-time job would take one if only he had a chance, that everyone who makes low wages is incapable (because of lack of skills or opportunity) from making higher wages, and that people are caught in webs of economic forces that leave them no options. I explore these issues in more detail at the end of the section on poverty. I am not in any event trying to explain away every instance of downward mobility, but to say that the world doesn't look very chaotic after all. It is perhaps sufficient to note that even if we leave the remaining "losers" among this population categorized as victims of unknown problems, we are at this point discussing persons who represent 4.3 percent of the original sample of males ages 20-34; and of this small group of 42 cases, only 11 had fallen below the poverty line.

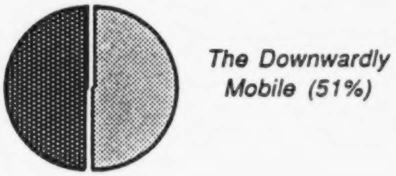
---

[12] Only two of the eleven lived in an SMSA with city over 100,000; two lived in a place where the largest town in the area was less than 25,000 people; two where the largest town was less than 10,000.

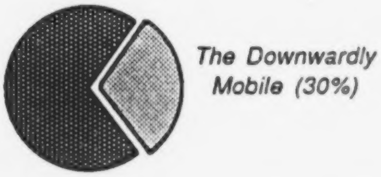
Summary Comments

The purpose of the exercise has been to inquire into the pervasive changes that have been identified in longitudinal data and to try to determine the extent to which they represent "economic mobility" and the extent to which they represent income shifts that are predictable and ordered. I hope that one of the contributions of the discussion has been to reveal how sensitive the notion of "economic mobility" is to definition and to the age and status of the population. We began with an aggregate table and a very loose definition, which would lead to the conclusion that 50 percent of the population experienced downward economic mobility. Then the population and the definitions were successively considered under other options. The sequence was roughly this:

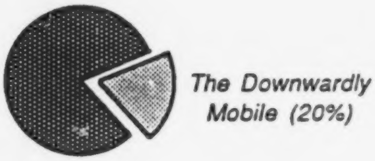
If economic mobility downward means that real family incom
fell and if the sample consists of all ages and both sexes...



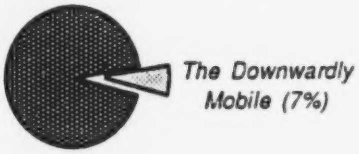
If economic mobility downward means that real family income fell and if the sample consists of young adults...



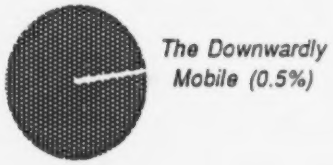
If economic mobility downward means that real labor income fell and if the sample consists of prime age males...



If economic mobility downward means that real family income fell below the median and the sample consists of prime age males...



If economic mobility downward means that real faily income fell from above the median to poverty and the sample consis of prime age males..



I could as easily have constructed a sequence that proceeded in the opposite direction. Suppose that I choose women who were aged 55-64 in 1970. If downwardly mobile consists of falling from a comfortable income (twice the poverty index or better, let us say) into poverty by 1980, then a miniscule 2 percent of older women were downwardly mobile. If I define downwardly mobile as consisting of a loss in real family income, 75 percent of older women were downwardly mobile. So what number is chosen for the newspaper editorial or for the snappy statistic to be given in Congressional testimony? Two percent? Or 75 percent? They paint somewhat different policy pictures.

Neither, of course. Rather than arguing for a number, I argue on behalf of a strategy. In trying to tease out the policy implications of income changes, we should ask two questions: What was the source of the income change? What was its magnitude? And we should ask them separately for each age group.

As an exercise,this procedure was applied to male heads of household ages 20-34 in 1970, a group that in the natural course of events should have been experiencing income growth. Twenty-five percent lost family income, at a time of their lives when they should have gained. Closer examination revealed that some of these men had not experienced personal socioeconomic mobility at all--they had increased their labor incomes, but total family income had decreased for other reasons. Many who had lost nonetheless remained above the median income. Of the rest, some bought farms which brought in smaller cash incomes than they had made as nonfarmers, a few had businesses that were not doing well, and a very few had disabilities that took them out of the labor market. And a few people--a remarkably few people--just didn't do very well.

How many of the twenty-five percent had truly been "economically mobile" downward, finishing the decade in a different socioeconomic situation than they began? Each reader will have to apply his own definition. Three percent of all males in that age group fell into poverty, most of whom were below the median in the beginning. The traditional literary definition--falling from prosperity into destitution (defined unprosaically here as from above the median income to below the poverty index)--applied to one-half of one percent of males ages 20-34 at the beginning of the decade.

Had I chosen a different group for the exercise, the exercise would have changed as well. Among older women, to return to that example, the "outliers" would consist not of everyone who lost any income, but of those who gained any income, or who lost "unnatural" amounts. I submit, however, that the outcome would remain the same: The apparently chaotic income shifts that are yielded by an aggregate of the entire population settle into well-ordered patterns once we consider age. When we consider the character and the size of the income shifts, the ordered patterns become even more well-ordered, to the point that we are reduced to a handful of cases that require much explanation.

I distinguish between the "ordered" and "desirable." One may wish to argue that the patterns I have just described are wrong or socially unjust. The case of women and divorce provides an excellent example. The consequences of divorce may have implications for the reform of welfare policy. But the implications have specifically to do with the process whereby a man and woman end their marriage without providing sufficiently for the woman to get along. That is quite a different thing from the implications for welfare policy if the shifts are caused by unpredictable quirks of fortune.

3. WELFARE MOTHERS

Introduction

The welfare problems to which President Reagan referred in the State of the Union Address and which motivated the Administration's attempt to rethink the welfare system are primarily lodged in what has been called the underclass--people who for practical purposes are no longer participating in the mainstream of American society. At the center of concern about the underclass are children growing up without a father and with a mother living on AFDC.

If the battle over social welfare policy has been a battle of stereotypes, none of the characters has been stereotyped for so long and in as many different ways as the central one, the woman on AFDC--"the welfare mother." At the beginning, as motive force for the establishment of AFDC in the first place, she had the most sympathetic of all images: the young widow left with children to raise. That didn't survive the 30s. In the 1940s and especially the 1950s, the welfare mother was most often cast as the immoral woman who had babies out of wedlock, living indefinitely off the government. She has remained that in the popular image, embellished by portraits of the welfare queen picking up her check in a Cadillac.

Among intellectuals, however, she has fared much differently. During the 1960s she became for many the victim of a racist and exploitative society. During the 1970s she added a role as just one more type of family ("Female Householder, No Husband Present," in Bureau of the Census parlance) whose family income was to be toted up alongside that of other types of families, compared, and used as evidence of progress or retrogression in the quest for a more egalitarian income distribution.

Recent analyses, notably Bane and Ellwood, and Duncan et al., have presented the welfare mother in a fourth role, as the misunderstood victim of anecdotal stereotypes that are refuted by more rigorous quantitative analysis. Here is how Greg Duncan put it, after referring with dismay to the persuasiveness of Susan Sheehan's account in the *New Yorker* of a family mired in long-term welfare dependency:

> [W]hile many different families receive welfare income, most do so for fairly short periods of time. And even during the periods when welfare income is received, most receive it as a supplement to income from other sources, principally from work, or they alternate between employment and welfare over the course of a year. A closer look at families receiving income from welfare sources shows that in as many as half of the cases welfare is used only to bridge a process of digging out following some major crisis.... The process usually ends with a new foothold in security: a part- or full-time job or, for some female household heads, marriage or remarriage.[1]

But statistical studies based on representative samples are not necessarily more accurate in the impression they convey than case studies are. The description in *Years of Poverty* is a case in point. No statistical chicanery is involved--rather, a discrepancy between the population that is being described and the population that the reader had in mind. For example, when reading his description of welfare use, to whom do you think Duncan is referring? If you read the passage carefully, it is apparent that his remarks embraced any family that receives any cash welfare--which includes, for example disability payments and food stamps. So if the image that came to your mind was of a man in his forties who is getting food stamps after being laid off from the steel plant that closed, then there is no surprise in his description. If instead the image was of a black teenage mother in the inner city, you might well have said to yourself, as many others have said, that you have learned something new. You didn't realize that so many of them got off welfare so quickly. Sheehan was wrong after all.

Sheehan wasn't wrong. The topic here is not laid-off steelworkers but welfare mothers. As the data on AFDC recipiency are more closely examined, a major restatement of the facts is emerging. The more we know, the more representative her description of the welfare mother becomes.

Selecting the Sample

There is a way of selecting a sample that makes AFDC look better and one that makes AFDC look worse. This paper uses the one that makes it look better. The choice is between selecting everyone who is on AFDC at a given point in time (for example, pulling all PSID respondents who reported receiving AFDC payments in 1970) and selecting everyone who entered AFDC during a given period of time. Bane and Ellwood have used an analogy with a hospital to describe the difference: If you decide to study everyone who is a patient in a hospital on any given day, you will find that many beds are filled by long-term patients. If you study everyone who enters a hospital in the course of a week, you will find that most people are in and out of the hospital in a few days.[2]

---

[1] Duncan, *Years of Poverty*, 72.

The analogy does not decide the question of which sample is better from an analytical standpoint. For many topics, the point-in-time is the standard choice. But in this case, it is almost obligatory to choose the alternative. Otherwise, experience reveals, anything critical that one writes about AFDC and its recipients is sure to be dismissed with statistics calculated the other way. Therefore, I use the "new-entrants" method of sample selection. This is worth stressing. The evidence concerning dependency and poverty in the following discussion is grim. The figures would have been much grimmer had the alternative sampling method--the point-in-time method--been used. The numbers that follow are optimistic.

Specifically, the sample is based on the records of all female heads of household who received AFDC benefits at some point during 1968-1973 and did *not* receive any benefits in 1967--in other words, all women in the PSID who entered the system over the 1968-73 period. This procedure yielded a sample of 226 women. Of these 226, all but six were racially classified as white (not hispanic) or black. Those six were dropped from the analysis, leaving 220 black and white women in the sample.

In this discussion, as in the rest of the paper, weighted statistics are used unless otherwise specified. In other words, the numbers should be interpreted as representative of the national population of welfare women, not as means or percentages based on the 220 individuals in the sample. The table below gives the raw sample sizes being used for the most common breakdowns:

Age at Entry	Race		Total in Age Group
	White	Black	
Under 25	14	62	76
25-39	19	67	86
40+	6	52	58
Total	39	181	220

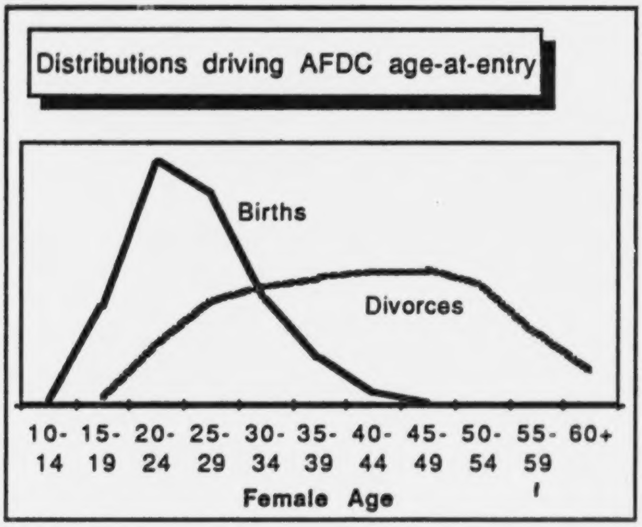
Aspects of the sample and samples sizes will be discussed at the relevant points in the discussion.

---

[2] Mary Jo Bane and David Ellwood, "The Dynamics of Dependence: The Routes to Self-Sufficiency," prepared for the Assistant Secretary for Planning and Evaluation, Department of Health and Human Services, June 1983, pp. 11-12.

Age and AFDC

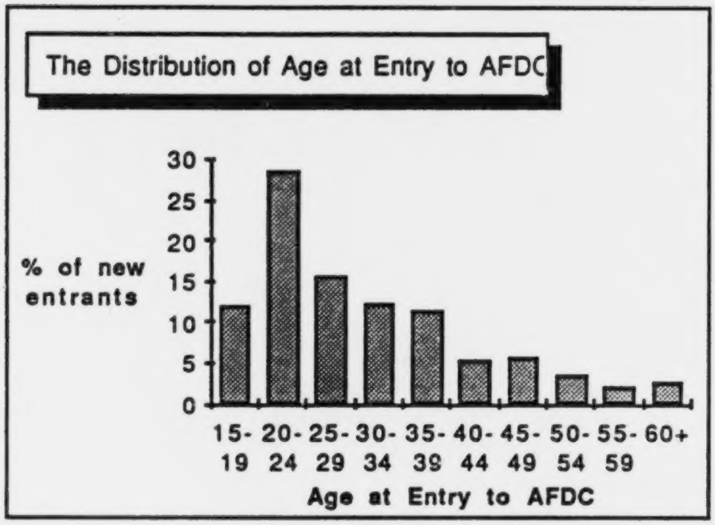
Once again, the analysis of the situation is decisively affected by the time of life at which a woman enters the program. The decision to enroll in AFDC is driven by two quite different phenomena: birth of a child or loss of the spouse by divorce, desertion or death.[3] These phenomena have very different age distributions, as illustrated by birth and divorce in the figure below:



Thus while we tend to think of the AFDC entrant as being a young woman, it's not necessarily so. The distribution of the age at entry looked like this:

---

[3] A third potential cause of enrollment in AFDC is a sudden reduction in income while marital status and number of children remain unchanged. In practice, this happens infrequently. See Bane and Ellwood, "Dynamics of Dependence."



The mean age of the women when they first appeared on the AFDC rolls was over 30. Twenty percent were over forty. Nine percent were over 50. As the table showing raw sample sizes indicates, these older entrants were disproportionately black: 29 percent of the 181 black women in the sample were over 40, compared to about half that proportion (15 percent) of the 39 white women in the sample.

Who Are These Older Women?

There are three explanations why so many older women show up as "new entrants" to AFDC, all of which are pertinent to the interpretation of published analyses of AFDC.

First, some of the women who were new entrants as of 1968-73 had actually been on the rolls some time prior to 1967 and were coming back. They were not really new entrants. This creates an unavoidable bias. Suppose, for example, that we are estimating length of time on AFDC. A woman aged 40 with a fifteen-year-old dependent child comes back into the sample in 1968. To us, she is a "new entrant," and we measure her spell on AFDC from 1968 onward; in reality she may have been on the rolls for any or all of the years before 1966 since the child was born in 1953, in which case all of those years are lost to our estimate. To illustrate the dimensions of the problem, we may pretend that we are choosing new entrants as of 1970 using "no AFDC in 1969" as the rule. This would lead us to select 49 women who look as if they were new entrants in 1970. Since in reality we can look back to 1968 and 1967, we find that 10 of those 49 "new entrants" are reentrants who were on the rolls in one or both of those years--a 20 percent error rate. Not surprisingly, they are disproportionately found among the older members of the sample--among those ten are women ages 38, 42, 50, 52, and 57.

Second, some women tell the PSID interviewer that they are receiving AFDC when, technically, they have a daughter who lives in the house and is receiving a grant. Perhaps they have officially taken custody of the child. Whether official or unofficial, these cases of "false mothers" contaminate the interpretation of the data.

Third, some of the older women were genuinely new participants, most commonly because their husbands had left them without support after some years of marriage. But the fact that they are genuine does not make them any less problematic. A genuine 40-year-old new entrant to AFDC is likely by virtue of her age alone to be a very different person from a 20-year-old new entrant.

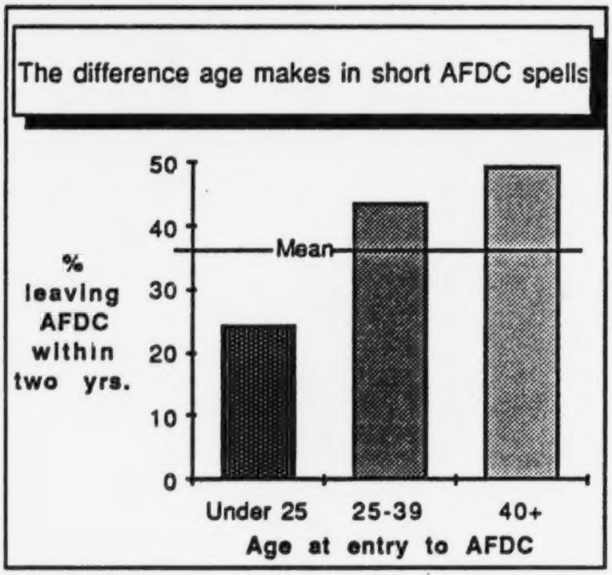
To state the implication bluntly: *Any analysis that draws a sample of AFDC recipients without discriminating according to age-at-entry is mixing incomparable subsets of women.* In part, this assertion is based on the errors that must be presumed to contaminate the analysis: data referring to women who are not really new entrants, or who are not actually the mothers of the AFDC children. But even if the sample is then cleansed of such errors, the implication still holds. A woman who comes onto AFDC for the first in her forties is in a profoundly different situation from that facing a woman who comes onto AFDC in her teens. Apart from the many inevitable differences that go with the age gap, there is an extremely important self-selection factor at work. The woman of 45 who has her first contact with the welfare system has demonstrated prima facie --by the very fact that she lived an adult life for that many years without needing welfare--her possession of experiential, psychological, and perhaps intellectual resources that cannot be assumed in the teenager with a baby and no husband. The teenager has demonstrated prima facie that she is *unable* to function in the adult world for any length of time at all. Moreover, the moral hazard associated with a woman who comes onto the AFDC rolls at 40 is much different than for a woman of 18. Her plasticity, if you will, is different. The woman of 40 is already more or less who and what she is ever going to be. The woman of 18 is at a moment that may decisively shape her identity and development.

I am arguing, then, that the way social scientists have perceived AFDC has been distorted by lumping together recipients of different ages. This statement is subject to empirical examination, to which we now turn.

Some Differences Age Makes in the Numbers

Consider a few of quantitatively-based statements that have been tossed about most commonly in the public policy debate about AFDC:[4]

"Most women use AFDC as just a temporary measure while they get back on their feet." This familiar statement has been substantially undercut (see "How Long Did They Stay on AFDC?" below). But to the extent that many women do get off AFDC quickly, they do so very differently by age group:



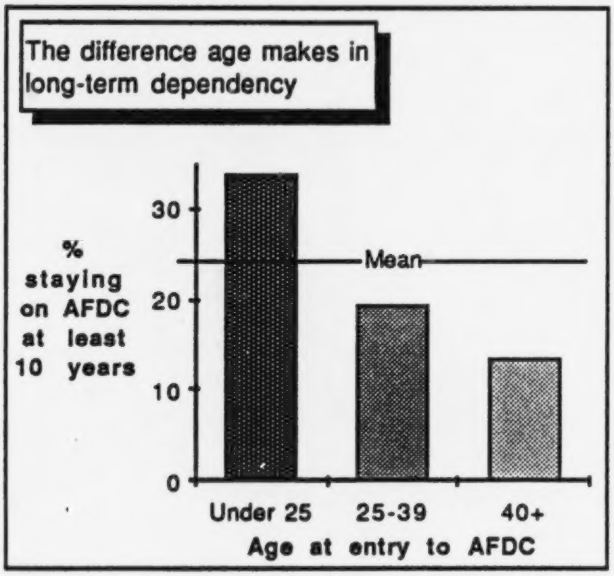
Among women who show up on the rolls when they have reached 40 or older, 50 percent are off the rolls within two years.[5] Even among those who are in their late twenties or in their thirties, a substantial proportion tend to get off quickly--44 percent among the 25-39 year-old age group. But among those who are under 25, the proportion who use AFDC as a temporary measure drops to 24 percent.

---

[4] Variations of these themes are so commonly used that it would not be fair to identify them with any particular source--some make such arguments with precision, including the appropriate qualifiers, others do so very loosely.

[5] There is a problem of wording that the reader must remember: Because of the two technical problems with older entrants ("hidden re-entrants" and "false mothers") we do not know what the *actual* initial spell is for the subset of women over 40 who are genuinely new entrants and genuinely the recipient of the AFDC. All we know is the *apparent* initial spell. The point is that analyses that lie behind these popular statements about AFDC included older women ("genuine" mothers and otherwise) in their calculations; these breakdowns show what the results look like when the data are disaggregated by age.

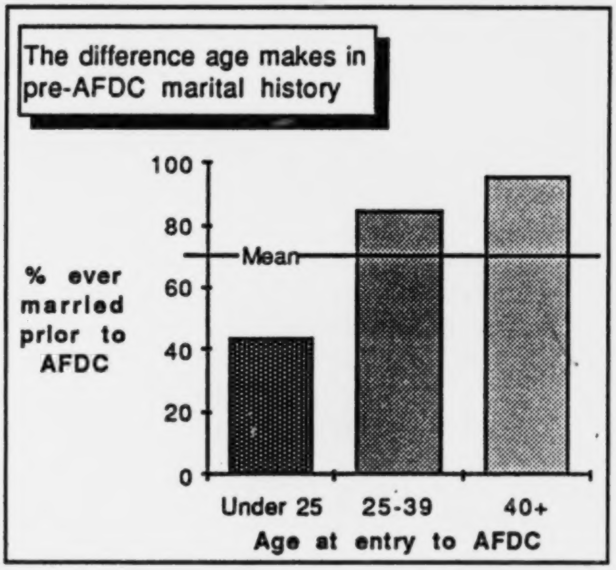
"The stereotype of the woman who stays on AFDC for many years is unfair. Only a small minority of women fall into that category." What constitutes long-term recipiency is a matter of personal interpretation. Here, let us take an extreme definiton: women who were on AFDC for the entire ten-year follow-up. Among the women who were 40 and older when they came on the rolls, only a small minority of women (14 percent) met this definition. Among the youngest age group, more than a third did:



There may be reasons grounded in the personalities and capabilities of the older recipients that account for their greater success in avoiding open-ended dependency, but one of the most obvious is that AFDC eligibility is not really open-ended. It was difficult for women who are over forty to stay on the rolls for all ten years of the followup because dependent children grow up, and AFDC is no longer available. The young have more opportunity to stay indefinitely, because their children tend to be younger and the young women's opportunity to have more children lasts longer. Thus it is not surprising that among those who were under 25 when they came on the rolls, more than a third (34 percent) fell into the "indefinite long-term" category as of the end of the ten-year followup.

"The single woman is the exception. The typical woman who comes onto AFDC has been left by her husband. " For all age groups, yes: 70 percent

said they had been married at some time prior to going on AFDC.[6] But once again, the truth of the generalization depends heavily on age:



Whereas 96 percent of all women who came onto AFDC at forty or older claim to have been married, and even a very high 85 percent of those 25-39, only 44 percent of the women who came onto AFDC before they were 25 said they had been married.

How Extensive Are the Errors Introduced by the Older Entrants?

None of the above figures should be read as true values. They are the values that are produced when a sample of AFDC recipients is drawn from the PSID and interpreted at face value, without considering the number of "false mothers" and "false new-entrants." How extensive might the errors be, and what effect might they have had on prior analyses of the AFDC experience?

To explore this issue, a two-step cleansing process was employed. First, a new sample was constructed consisting of women who appeared on the AFDC rolls in 1970-73 and had not been on the rolls in any of the three years 1967-69. This may be expected to eliminate most of the false new-entrants. The only ones who remain in the sample are those who returned to the rolls after at least an absence of three years (for the 1970 entrants), four years (1971), five years (1972), or six years (1973). This step left a sample of 140 women.

---

[6] I am combining "probably married" and "possibly married" and probably overestimate the proportion of married women in all age categories in doing so. See the subsequent discussion of marital status for a more detailed breakdown.

This procedure had the collateral benefit of producing a sample for which each member showed at least a three-year profile of marital history and income history prior to becoming an AFDC recipient. The second step of the cleansing process was to check these histories for each of the women who were 35 or older at age-of-entry.[7]

Of each woman, it was asked: (1) Is there any evidence of a change in income during the pre-AFDC history that would have made this woman newly eligible for AFDC in roughly the same time period that she appears on the AFDC rolls? (2) Is there any evidence of change in marital status during that period? In borderline cases, the case was coded as legitimate. If there was no evidence of either financial or marital changes that made the recipient eligible, the case was coded as a false-mother.[8] The most likely interpretation in such cases is that the putative recipient is the grandmother or other close relative of a younger woman who is the real mother and is living in the same house.

This second step produced 18 codes (out of 140) of "false mother." By definition, these included none of the under 25 age group. They included only one woman in the 25-39 age bracket. The other 17 came from the "40+" group, and 16 of the 17 were black. Or to put it another way, 69 percent of the black "new-entrants" over 40 failed a basic test of plausibility. Instead of being older women left by husbands, some substantial proportion of these cases consisted of births to young women living in the same households with older women who were heads of household. Among other things, this finding has two obvious implications. One involves assessments of the proportion of welfare mothers who come onto the rolls as single young women. *Every time that a "false mother" is counted, it likely to be is a double error, overcounting the older formerly-married women and undercounting the younger never-married women.* The second implication involves assessments of intergenerational welfare dependency. An examination of the false-mother cases in the test data just describes shows a population of women who are black and have generally been poor and out of the labor force prior to showing up as AFDC recipients. This subgroup is much more likely than the population at large to consist of former AFDC recipients for their own children, and to this extent are likely to represent second-generation welfare involvement.

---

[7] In addition to the steps described in the text, the case history yields other clues that were used. For example, one indication of a misidentification of the recipient is the older women who reports annual AFDC payments until 1974, when the PSID introduced a question discriminating between payments to the respondent and to someone else in the same family, and not thereafter. Another sign is when AFDC begins coincidentally with the addition of a child to the household, but the new AFDC recipient is beyond the ordinary age of menopause.

[8] In cases when the family income had been low several years, it was assumed that the new-entrant had been eligible but for whatever reasons had not been a recipient. Two exceptions consisted of elderly women who been heads of household without any labor income for many years and showed a single year of AFDC recipiency at the ages of 59 and 61 respectively, followed by nine more years of no labor income. Technically, they could have been the mothers of children still young enough to qualify as dependent. But given this pattern, the inference that a younger woman in the household had had a child, then moved out the next year, seems much more likely than that putative recipients were the actual mothers of the dependent children.

These are remarks directed at people who use the PSID in the future. For the purposes of this paper, the conclusion to be drawn from the exercise is that the data for women under 40 appear to be accurate for both races. For women 40 and older, the data are reasonably accurate for whites but the sample size (6 white women in the 220-person sample) is too small to be confident about the proportion of errors. For blacks, even a preliminary examination indicates that the data for women over forty are not usable.

Conducting the detective work to produce a sample of older women who were plausibly both genuine recipients of AFDC and consisted predominantly of genuinely new entrants is beyond the scope of this effort. Instead, I analyze the two younger age groups, under 25 and ages 25-39 as of entry into AFDC, on the assumption that women under 40 are highly likely to be genuine recipients and, although they may be "false new entrants," pose less of an analytical problem because they are more likely than older women to be near the beginning of their AFDC career.

To that, it may be added that the older woman who finds herself needing AFDC for the first time is not at the center of the policy problem in any case. Such women have historically been at the center of public sympathy. The assumption behind the following presentation is that the toughest moral issues and most pressing problems are posed by the young.[9]

The Final Sample for Analysis

After all these considerations, we end with 162 women between the ages of 16 and 39 inclusive who found themselves on AFDC during the late 1960s or early 1970s. Now, in the 1980s, we ask: What had happened to them ten years later? Who made it out of poverty and who didn't? Who established lasting marriages and who didn't? Who escaped dependence and who didn't?

---

[9] But not necessarily the problems calling for the most money. For example, even the brief analyses I have conducted of the 40-and-over sample indicates that post-AFDC incomes are lower than those of the younger women (not surprising, given the income-trajectory data presented in the preceding section), and that in other ways as well they may be more dependent on governmental help than younger women. This is a point that I hope will not be lost: the reason for considering AFDC recipients by age group has nothing to do with making the program look "good" or "bad," but with the fact that the populations involved are fundamentally *different* from a policy perspective.

Ten Years Later

How Long Did They Stay on AFDC?

Since Mary Jo Bane and David Ellwood wrote their unpublished paper on welfare dependency in 1983, the statistic cited most often by those who wish to exculpate AFDC is that more than half the caseload is off the roles within two years and that long-term dependency is rare (using the "new-entrant" method of selecting the sample, as we have also done). Recently, David Ellwood has been engaged in a more detailed examination of the data, correcting these initial estimates in two ways.[10] First, he found from examination of the PSID data that AFDC income was often coded as "other welfare." Thus, for example, a woman in the PSID files will show a pattern such as the following:

Year:	1968	1969	1970
AFDC Income:	$4,077	0	$3,952
'Other welfare" Income:	0	$4,125	0

If the woman had married and then separated during 1969, it is possible that the "other welfare" represented general assistance. But if the woman had remained unmarried, the "other welfare" in such cases must be AFDC. The 1969 datum is miscoded. The source of error is understandable. AFDC is known by many names in many states, and either the respondent or the interviewer can easily fail to realize that the local label is the same as AFDC.

The second correction has been to take recidivism into account. The original Bane and Ellwood figures on length of time on AFDC were based on the initial spell. But women often return to the AFDC rolls, and it does not make much sense to talk about an "initial spell" of two years if the woman subsequently returns for another seven years. The initial spell and the total spell on AFDC are two very different numbers. Ellwood's recent work also incorporates this additional aspect of AFDC recipiency.

---

[10] David Ellwood, "Targeting 'Would-Be' Recipients." I did not see this unpublished paper until the final revision of this paper was within a few days of completion. I have incorporated suggestions by Ellwood regarding the coding of AFDC income and marital status into the data presented here, but I do not try to compare my numbers with his in any detail nor otherwise comment on his paper. So that readers may keep straight who is adding what to the dialogue: The discussion of the effects of older AFDC entrants is mine, but the corrections of AFDC recipiency for recidivism and coding errors follow Ellwood's lead.

Readers are referred to his paper for a detailed discussion of these issues and the results.[11] When applied to our sample, the revised techniques yield estimates of AFDC spells that are quite different from the ones that have become familiar in the defense of AFDC as short-term relief. The patterns are summarized below:

Initial Spell, Original Coding:

Initial Spell	Age at Entry		
	Under 25	25-39	Total
One year	17	40	28
Two years	15	26	20
3-4 years	25	13	19
5 yrs. or more	43	21	32

Initial Spell, Revised Coding:

Initial Spell	Age at Entry		
	Under 25	25-39	Total
One year	10	23	17
Two years	14	21	17
3-4 years	19	12	15
5 yrs. or more	57	44	51

Total Spell, Revised Coding:

Total Spell	Age at Entry		
	Under 25	25-39	Total
One year	3	12	7
Two years	9	18	14
3-4 years	18	22	20
5 yrs. or more	70	48	59

Cell entries are weighted percentages for the population in question.

The changes are substantial. When one can say "28 percent of new entrants under 40 years of age are off the rolls within a single year," AFDC sounds as if it has a sizeable population of women who use the asssistance as a temporary crutch. When it turns out that, after coding errors have been corrected, only 17 percent have an initial spell of one year, the picture is less promising. When, once recidivism has been considered, it is found that only 7 percent of women have a total spell of one year, then some reassessment of the original interpretation is in order.

---

[11] David Ellwood, "Targeting 'Would-Be' Recipients." Ellwood (and Bane and Ellwood, in the earlier paper) also excluded recipients who had AFDC income of less than $250. The sample in this paper includes all persons, whatever the size of the receipt. Excluding those with receipt of less than $250 would have modestly decreased the number of short-term recipients in this sample and increased my figures for time on AFDC. For another important paper regarding this issue which taps the National Longitudinal Survey, see June O'Neill, Douglas A. Wolf, Laurie J. Bassi, and Michael T. Hannan, "An Analysis of Time on Welfare," prepared for the Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services (Washington, D.C.: The Urban Institute, June 1984).

The same is true of long-term recipients. If, for example, we take five years or more as the definition of long-term, the percentage of long-term recipients change in this fashion:

Initial spell, initial coding.	32%
Initial spell, revised coding	51%
Total spell, revised coding	59%

Instead of thinking that only a third of new-entrants under forty stay for five years or more, as under the original calculation, we must think in terms of three-fifths. And if we target our interest on the group that has been the center of attention, the woman in her teens and early twenties (under 25, in this coding), we find that fully 70 percent of that group will be on AFDC for five or more years.

It is impossible to say what the "average total spell" will be for the group of welfare recipients in this sample, because 27 percent of the women had been on the rolls for the entire ten-year period and there is no telling how long they will remain (or how many others will recidivate), thereby increasing the mean total spell. But it is fair to say that the notion that women get on and off AFDC quickly has been oversold. Among the youngest entrants, the received wisdom must be stood on its head: long-term involvement with the system was the norm; short-term involvement was rare.

Marriage and Subsequent Marriage

Even as the popular discussion of AFDC has centered on the unmarried parent, especially the teenaged parent, much of the technical literature has focused on remarriage probabilities. The main defect of AFDC, some of these scholars have argued, is not that it contributes to the illegitimacy ratio but that it seems to slow remarriage.[12] The importance of this lies in a truth: Economic security for a woman who does not have much education and who wants to have children lies in finding a man who makes a decent living and will support her through thick and thin, including divorce. How did the AFDC women behave in the marriage market?

THE PRE-AFDC MARRIAGE, IF ANY. Determining whether the members of the sample had been married before entering AFDC is not easy. The basic rule was to take the response at face value (although collateral evidence sometimes cast doubt on it). However, this procedure left a number of women who reported being separated (but not divorced) for many years, with no evidence that they had ever been legally married, plus a smattering of inconsistent or suspicious records (for example, codes in successive years of separated, separated, divorced, separated, separated... etc). It is probably true that some of the "separated" codes mean exactly what they say; it is also probable that some represent women who considered (or wished the interviewer to consider) themselves to be separated even though there had never been a marriage. If the "always separated" and "suspicious" category is assumed to be indeterminate, these are the ranges for the pre-AFDC marital histories:

---

[12] For a discussion of the literature through 1980, see the note in Charles Murray, *Losing Ground: American Social Policy 1950-80* (New York: Basic Books, 1984), pp. 291-2.

Age at Entry to AFDC	Once married	Never married
Under 20	17-30%	70-83%
20-24	43-59%	41-57%
25-29	85-89%	12-16%
30-34	71-76%	24-29%
35-39	86-99%	1-14%
TOTAL	58-69%	31-42%

For purposes of analyzing subsequent marital experience, I shall omit the questionable population and refer only to those for whom the evidence of prior marriage or lack of it is reasonably clear.

THE NEVER-MARRIED. Of the women who had never been married when they entered AFDC, only 43 percent ever married in the subsequent ten years:

Among those who came onto AFDC as never-married women...

Age at Entry to AFDC	Proportion who subsequently married
Under 25	48%
25-39	23%
Total	43%

Almost half of the women who entered AFDC when they were still under 25 subsequently were subsequently married, compared to fewer than a quarter of those 25-39.

Of those who did try marriage, only some succeeded. Ten years later, only 29 percent of the women who were single when they came onto AFDC were married:

Among those who came onto AFDC as never-married women...

Age at Entry to AFDC	Proportion who were married 10 years later
Under 25	32%
25-39	19%
Total	29%

Lest it be thought that this dismal marriage record was restricted to those who were in their thirties at the beginning of the decade, note that even among those who were under 25, only 32 percent were married ten years later

This record reverses the record in the general population. The women in the sample were in their thirties and forties when the followup period ended. In the country at large, 78 percent of women in the roughly comparable age group 30-44 were married, compared to only 29 percent of the single women who went onto AFDC.[13]

THE EVER-MARRIED. The women who*were* married before entering AFDC were only marginally more successful in the marriage market: 48 percent remarried at some point during the decade, compared to 43 percent of the previously unmarried:

Among those who had been married before they came onto AFDC...

Age at Entry to AFDC	Proportion who subsequently remarried
Under 25	39%
25-39	52%
Total	48%

Neither were they conspicuously more successful in remaining married:

Among those who had been married before they came onto AFDC...

Age at Entry to AFDC	Proportion who were married 10 years later
Under 25	36%
25-39	27%
Total	30%

---

[13] Proportions of unmarried women by age group and race may be conveniently recovered from natality and birth rate data from National Center for Health Statistics, *Vital Statistics*. The figures presented here refer to 1982, and are taken from National Center for Health Statistics, "Advance Report of Natality Statistics, 1982," Vol. 33, No. 6, September 28, 1984, Tables 2, 3, 17, and 18.

Only 30 percent were married as of the end of the followup period. Insofar as the AFDC experience serves to delay or forestall remarriage--and these data are generally consistent with the extensive technical literature--it is having one of its most serious consequences. In the brouhaha about the role of AFDC in encouraging illegitimate births, far too little attention has been paid to this issue.

Differences Between the Ever Married and the Never Married

In the course of examining the data, I found persistent signs that women who come onto AFDC as single women and those who come onto AFDC after a marital breakdown respond to AFDC in quite different ways. I present this as a speculation which I encourage others to explore. A number of factors are confounded (such as: the never-married women also tend to be younger; the never-married tend to have begun from a poorer economic situation; etc.), and the only way around these is a thorough multivariate analysis. Such an analysis cannot be supported by this data set: Among the sample of white women on AFDC, only 8 can unambiguously be coded as single when they came onto AFDC, too small for analysis; yet race is an obviously important potential confounding variable. Also, a full-scale analysis would have to decide on the true pre-AFDC marital history for the women whose coding is uncertain.

The two tables below show the situation for a few of the key variables, limited to blacks in the sample for whom an unambiguous coding of pre-AFDC marital status was possible. I repeat the calculations for blacks who did and did not have a high school education, to eliminate at least one alternative explanation for the differences observed between the ever-married and never-married.

Blacks Only, Less than High School Education		Pre-AFDC Marital History:	
		Ever-Married	Never-Married
	Raw sample size	35	24
Background Variables	Average age at entry	31.4 yrs.	23.1 yrs.
	Total family income, year prior to entry	$16,842	$9,966
Outcome Variables	Average length of initial spell	4.7 yrs.	7.3 yrs.
	Average length of total stay	5.4 yrs.	8.1 yrs.
	Proportion supplementing AFDC income with labor†	58.7%	5.1%
	Ever married after entering AFDC	28.2%*	32.4%*
	Married at end of followup	14.4%*	16.9%*
	Proportion of new marriages surviving	50.8%*	52.2%*
	Total family income at end of followup for...		
	...unmarried women not on AFDC	$12,873	$7,115
	...families of all (re)married women	$22,671*	$22,273*

All calculations are weighted. All dollar figures in 1980 dollars.
† Women still on AFDC earning $1,000 or more in last year of followup.
* Based on a sample < 10

Blacks Only, High School Education or More		Pre-AFDC Marital History:	
		Ever-Married	Never-Married
	Raw sample size	26	24
Background Variables	Average age at entry	26.9 yrs.	21.3 yrs.
	Total family income, year prior to entry	$10,613	$7,028
Outcome Variables	Average length of initial spell	4.7 yrs.	7.3 yrs.
	Average length of total stay	5.4 yrs.	8.0 yrs.
	Proportion supplementing AFDC income with labor†	44.9%	49.5%
	Ever married after entering AFDC	27.5%*	21.9%*
	Married at end of followup	21.9%*	8.6%*
	Proportion of new marriages surviving	79.6%*	39.3%*
	Total family income at end of followup for...		
	...unmarried women not on AFDC	$13,499	$10,855
	...families of all (re)married women	$37,869*	$26,136*

All calculations are weighted. All dollar figures in 1980 dollars.
† Women still on AFDC earning $1,000 or more in last year of followup.
* Based on a sample < 10

I present this comparison as an incitement to further work, not as a conclusion. But if the data of this sample are not nearly conclusive, they are certainly suggestive. The length of stay in AFDC is the most conspicuously different for the two groups: about two and a half years longer for the ten-year followup; a discrepancy that will grow as the followup period lengthens.

As the table suggests as well, the differences survive tests for race and education. Simple cross-tabulations reveal that the discrepancies persist among subsamples of women of similar ages-of-entry and baseline economic situations. But rather than present these (which are inconclusive in any case), let me pose the hypothesis: The woman who was once married comes closest to the image of the woman-in-need that was in the minds of the people who created AFDC back in the 1930s: the woman who has been widowed or deserted.[14] It is plausible that the availability of AFDC does more good and less harm for her than for the never-married woman, for the same kinds of reasons that an older woman may be less vulnerable to being shaped by AFDC than a younger one.

These potential differences between ever-married and never-married women constitute one of the many topics that have been intellectually unfashionable and little discussed in the literature. Indeed, researchers have sometimes treated prior marital history as a prejudicial, moralistic variable to be ignored. This has been especially myopic. There are sound theoretical reasons for hypothesizing that marital history could have important effects on the AFDC experience and have important implications for policy.

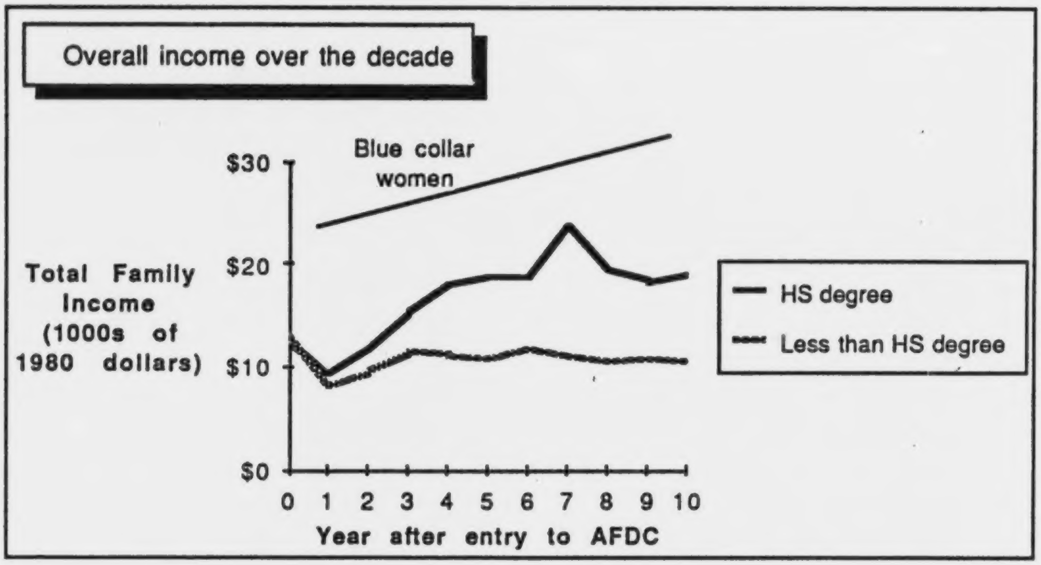
How Did They Do Economically?

We come now to the economic fate of women on AFDC. The generalization is that they did very poorly, with only anecdotal exceptions. It holds true both for the women who remained on AFDC and for those who got off.

INCOME OVER THE DECADE. All of these women also came from the age groups (under 39) for which, as I demonstrated in the preceding section, very large majorities of people, including the women, enjoyed large increases in income as "a matter of course"--they are in that part of their lives when such things happen. But for the young AFDC mothers, this natural course of events was attentuated. The figure shows the results for AFDC women who had a high school degree (but no college) and those who did not:

---

[14] In Katie Louchheim's collection of reminiscences about the early days of the New Deal, Gerard Reilly describes Frances Perkins' dismay at what had been done to her pet legislation. "She said it never occurred to her, in view of the fact that she'd been active in drives for the homes that took care of mothers with illegitimate children, that these mothers would be called 'dependent' in the new legislation. She blamed the huge illegitimacy rate among blacks on aid for mothers with dependent children. " Katie Louchheim, ed., *The Making of the New Deal: The Insiders Speak* (Cambridge, Mass.: Harvard University Press, 1983), p. 175.

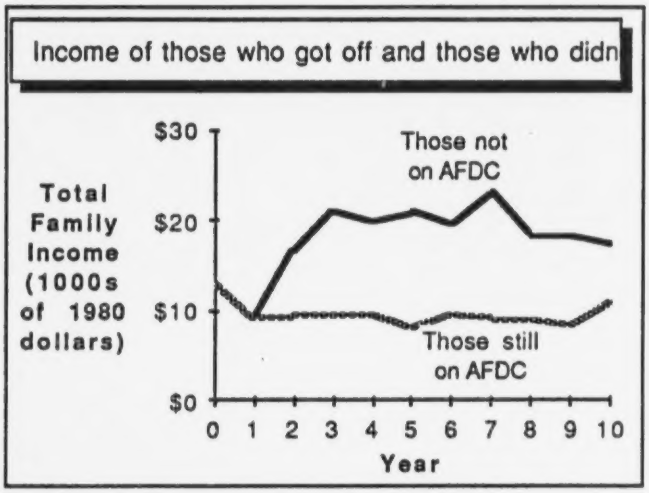


In the figure, year 0 is the year prior to the first receipt of AFDC; year 1 is the first year in which AFDC income is reported, and so on. The figure includes the family income trendline from 1970-80 for the comparable age cohort of "blue collar women" as described in the preceding section: high school graduates who were head of household or spouse of a head of household in 1970. The women in the blue collar sample should not be interpreted as a true "comparison group" with the high school graduates in the AFDC sample. There are complicated and probably interactive differences between the two groups associated with marriage, race, and labor force participation that are not taken into account here. Rather, I include the trendline to give a reference point. At the end of this decade of their lives, the overall population of women in this age cohort had an average income of about $30,400; the young women with the same education who had gone on AFDC had an average income of $19,100. The purpose is to underline how far out of the economic mainstream most AFDC women were, and remained.

This figure also introduces a theme that will recur in the discussion of poverty: the enormous economic gap that separates those with and without a high school degree. In the case of AFDC women ten years after entering AFDC, the average woman without a degree had an income of $10,400 compared to $19,100 for women with a degree.

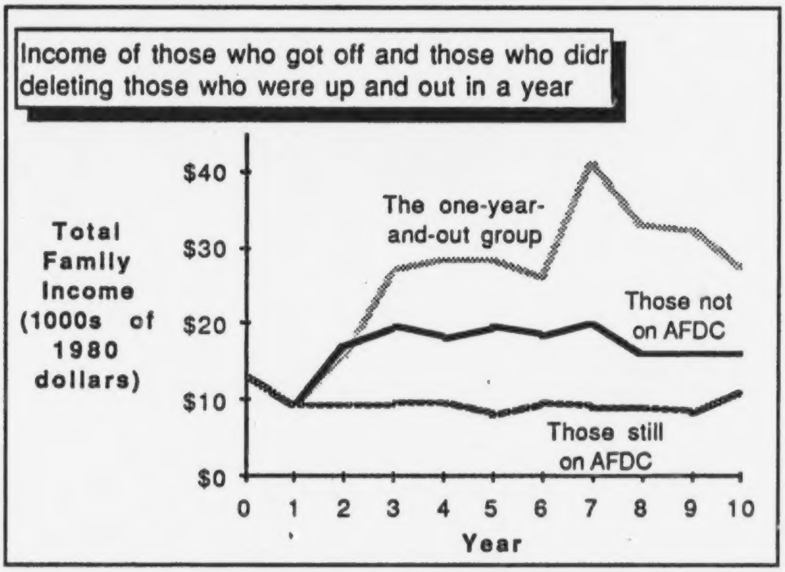
To attribute this entirely to education per se is implausible. The people in this study were receiving their degrees in years when a high school degree did not necessarily mean even literacy, let alone a high school education as traditionally conceived. Many were receiving their degrees from inner-city schools that had the worst educational records. Thus, in addition to representing educational differences, the act of getting a degree is plausibly seen as also a proxy measure of personal characteristics such as persistence, self-discipline, and intelligence. For whatever reasons, which I urge other researchers to try to disentangle, the raw differences between those with and without a high school degree are startlingly large.

THOSE WHO GOT OFF AFDC. The figure above does not discriminate between women who were still on AFDC and those who were off. How much money were the women who got off AFDC bringing in? The answer is that they were doing better, if not well. Here is what happens when we compare the mean incomes of women who were on AFDC and women who weren't:



The full label for "Those not on AFDC" is "Those women who were part of the AFDC sample but did not receive any AFDC payments in the year for which this mean family income figure is computed." The full label for "Those on AFDC" is "Members of the AFDC sample who received AFDC payments in the year for which this mean family income figure is computed." Note that the label for the graph is technically inaccurate for year 0 (pre-AFDC) and year 1, when the entire sample was still on AFDC.

The preceding plot indicates that, while women who were off AFDC did not come close to national norms for women of their age group, they were above the income levels of those who remained on the rolls. This leads to a natural follow-on analysis. For any given year, the plot above includes some women who were only temporarily off AFDC; they were about to hit another rough patch and get back on again. They presumably were depressing the upward trendline for those not on AFDC because their income in the year before they reappeared on the AFDC rolls was likely to show signs of their impending return. I therefore separated out those who were on the rolls for only one year and never reappeared. The result:



The "one-year-and-out group" consists of those who received AFDC payments in one of the years 1968-73 and received none through the ten-year followup.

It turns out that a noticeable amount of the apparent progress is owed to a small group of only 10 women out of the 162, three white and seven black, who appeared on the AFDC rolls in year 1 and disappeared thereafter. Most of these women got relatively little money from AFDC; indeed (as will be described later), some were on AFDC for only a period of a month or two.

JOBS AT THE END OF THE TEN YEARS. By the end of the decade, when the members of the sample were in their thirties and forties, 70 percent of the women reported some labor income. This matches up closely with the labor force participation rates for women from the ages 25-44 for the population as a whole, which were in the 65-70 percent range by 1980. There was a pronounced racial difference in this instance among women who were still on AFDC: Far more white than black women still on AFDC worked sometime during the year. These were the percentages of women reporting any labor income, by race:

Percentage reporting labor income:

	Off AFDC	On AFDC	Total
White	85%	59%	79%
Black	83%	34%	57%
Total	85%	43%	70%

But the discrepancy between the races reflects the greater tendency of white women to supplement their AFDC payment with small sums of money. When we limit the calculation to women who earned at least $1,000 in the course of the year--about eight weeks of work at a minimum wage job--the comparison reverses itself:

Percentage reporting labor income:

	Off AFDC	On AFDC	Total
White	79%	15%	64%
Black	77%	29%	52%
Total	78%	24%	59%

Only 15 percent of the white women still on AFDC at the end of the decade made more than $1,000 to supplement their AFDC checks, compared to 29 percent of black women.

This greater tendency of black women to use a combination of AFDC and earned income is most conspicuous when one asks how many women were earning more than $6,000 (in effect, 1,750 hours at a minimum wage job) at the end of the decade:

Percentage reporting labor income:

	Off AFDC	On AFDC	Total
White	51%	-0-	40%
Black	59%	24%	41%
Total	54%	15%	40%

This table raises an interesting question: How is that a woman could make more than $6,000 a year and still get substantial AFDC payments, as 24 percent of the black recipients did? One possible answer is large numbers of dependent children. Another possibility is that the welfare office didn't know.

As might be expected, women who were off AFDC and unmarried had higher job rates than women who had married, but both were high: 89 percent of unmarried former recipients had some labor income compared to 76 percent of married former recipients. Again, however, a racial contrast was striking, this time among married former recipients, with only 47 percent of black married ex-recipients reporting any labor income compared with 85 percent of white married ex-recipients.

Taken overall, the problem with labor force behavior once AFDC recipients were off the program was not that they never worked at all, but that they worked very irregularly. Without the kind of qualitative data that is needed, this finding may be interpreted by the defenders of AFDC as meaning that the women wanted jobs but were prevented by lack of training and job opportunities from getting them, by AFDC's critics as meaning that women who have been on AFDC lack some competence or socialization in the process of getting and holding a job. The data here do not support one or the other.

Income at the End of the Decade

The intention is to convey a sense of "what had happened" a decade later to women who had found themselves on AFDC. Perhaps the best way to do so is to think in terms of economic success, variously defined. I give you a choice of four successively more demanding definitions:

SUCCESS DEFINED AS BEING OUT OF POVERTY. If success is defined as getting above the poverty line, then almost two-thirds succeeded.[15] On the other hand, that still means a poverty rate of 34 percent in a country and at a time when the poverty rate was running at 12-14 percent. More troubling yet is the illusory nature of the escape for most of those who were not below the poverty line as of the end of the followup period. Even those who were above the poverty line had typically gotten barely above the line (41 percent were near-poor, with incomes no more than 125 percent of the poverty line). As will be apparent from the case histories presented subsequently, others had been slipping back into poverty periodically, and (in those cases when we can look beyond the decade limit, as for the samples who entered AFDC in 1968-71), would often slip back below poverty in the subsequent years.

SUCCESS DEFINED AS EARNING A LIVING. I have argued elsewhere that when one uses the poverty index, the real measure of success among the working-aged is whether people are making enough money *on their own* to provide a decent standard of living.[16] "Latent poverty" continues to exist when total income puts a family above the poverty line but only by virtue of the welfare coming in. This argument seems especially pertinent in assessing the economic outcomes for welfare mothers a decade later: Until they are in family situations in which they and/or spouse are bringing in an adequate paycheck as a matter of course, they are vulnerable to a return to poverty at any time.

Success in this instance is measured by the combined labor income of head of household and spouse (if any), and the definitions once again are poverty and near-poverty (125 percent of the poverty level). At the end of the 10 years:

---

[15] The PSID uses a measure called "need standard" which may be converted to an extremely close approximation of the official poverty index, as has been done for this presentation.

[16] Murray, Losing Ground, pp. 64-65.

Out of near-poverty	38%
In near poverty	13%
In poverty	49%

Barely half of the welfare mothers were in families that earned a living above the poverty line; only 38 percent were out of near poverty.

SUCCESS DEFINED AS EARNING A BLUE-COLLAR LIVING. If success is defined as earning the mean family income of women in their age cohort who graduated from high school ($30,409 in 1980), then 6 percent can be considered to have succeeded. Put another way, 94 percent of the young women were below the mean income of their age cohort who graduated from high school.

SUCCESS DEFINED AS AFFLUENCE. If success is defined as moving up to moderate affluence, we may take the median income of women in their age cohort who graduated from college as the yardstick. By 1980, these women enjoyed a mean family income of $42,821. Two of the 162 in the sample (3 percent, in weighted terms) made it that far.

A Look at the Conspicuous Successes.

In the recitation of numbers and percentages, it remains difficult to understand what is going on. Take for example the two women who soared all the way to affluence. One of them seems to have had a straightforward story: In 1975, she married a man who made a very good salary; in 1982, she divorced him. Her income soared for a while, then fell again. The other story is somewhat more mysterious. She was a high school graduate, black, who had spent five years on AFDC beginning in her teens. During the three years from 1975 through 1977, this young woman, still in her twenties, made $15,296, $26,025, and $24,429 respectively. During those same three years she was married with a husband who was making a decent salary (though less than she was). Then, just as inexplicably as she began earning a good income--for she had shown no labor income at all prior to 1975--she stopped. From 1978 through the last observations in 1982, she again was out of the labor market. During this same period, she separated from her husband as well. But she apparently wasn't staying home to take care of a small child--she had borne a child in 1969 who would have been about 11 years old when she separated, and there had been no additional children reported. It doesn't seem likely that she could have worked full-time at a very good salary (for a high school graduate with no work record) for three years and then been unable to find *any* work at all for the next five years. Without more information it is difficult to count her as a success story, nor does it seem appropriate to count her as the victim of a capricious system. For three years, she and her husband pursued the classic route to economic success and it worked. Then they stopped. Why? What went wrong?

Most of the accounts that can be reconstructed from the quantitative data make repetitively depressing reading about continuing involvement with the welfare system, continuing low income, an inability to make a success in either the labor market or the marriage market. In many ways the apparent "successes" reveal even more clearly how much more we need to know about the outcomes of the welfare system. Here are the women in the 1968-70 cohorts of AFDC entrants whose family income in the twelfth year after first going on AFDC averaged more than $25,000, which made them successes of a sort.[17]

The first set consists of the kind of success story that fits the model: The young woman is on AFDC for a few years, gets off, and establishes a reasonably stable and prosperous life:

> #1. An 18-year-old unmarried girl living with her parents had a baby and moved out. After two years on AFDC she left the rolls and got a service job. In the mid 1970s she married and had another child. She did not work after getting married, but her husband makes enough to put the total family income at a bit more than $25,000 in the final followup year.
>
> #2. A 34-year-old divorcee with four children went onto AFDC toward the end of 1970 and received modest benefits for two more years. During this period she got a job. She left AFDC after 1972 and never returned, even though she never made much money. She shows up in the "success list" because her labor income abruptly jumped from $9,300 to $19,888 in 1981 and her total income jumped from about $12,000 to $33,484. It is not known why, nor whether this the start of a longterm success or a one-year fluke.
>
> #3. A 20-year-old woman with two small children separated from her husband. From the middle of 1970 to the beginning of 1972, she was on AFDC while she stayed out of the work force. She and her husband got back together (or perhaps she moved from "separated" to "married" without time to report herself as "divorced") and remained together for the rest of the period. He worked as a nonmanagerial white-collar worker, she as a salesperson. From 1979-81 their annual total income was over $27,000.
>
> #4. A 29-year-old woman with one child and less than a high school degree went onto AFDC in 1969 and then married. Things did not go well with the husband she married in the intervening years, however--her family income was based as heavily on welfare payments in the years she wasn't on AFDC as in the years she was. In all, a major portion of her income came from welfare from 1969-1976, despite the fact that she shows up as a person with only two years on AFDC. She divorced the second husband and remarried a craft worker, going from a taxable income of $-252 to $28,602 in just one year. She had sustained this level of income for three years when the observations end.

The next set of cases will represent different things to different people. In each instance, the woman got on and off AFDC very rapidly--within a few months. Some may argue that such is precisely the reason for having AFDC as a backstop: the women got help when they needed it. Others will suggest that perhaps these women could have gotten along for those few months anyway. Still others will infer from these cases that the woman's behavior may not be evidence of AFDC's success, but of a conscious decision by the woman to get off AFDC in a hurry. Decide for yourself:

---

[17] These synopses were prepared for an earlier draft of the present paper which used a twelve-year followup of the 1968-70 new entrants. Subsequently the 1971-73 entrants were added to augment the sample size and permit more stable quantitative results. Rather than artificially truncate the synopses and in effect throw away information, I present them in terms of the twelve-year followup.

> #5. A 33-year-old woman with a child went on AFDC in 1968 and left the same year, after payments totalling $3,112 in 1980 dollars. She never returned to the rolls, making steadily increasing amounts of money as a non-secretarial clerical worker. She remarried in 1978, which effectively doubled her family income. Total family income in 1979 was $30,645.
>
> #6. A 29-year-old divorced woman with four children went on AFDC in 1968. She was on AFDC for only few months. She became gainfully employed at a $15,000 salary, then quickly remarried, quit her job, and prospered until 1976, when she divorced. She reappeared as an AFDC recipient at this point, getting $422 before leaving the rolls again. She married a third time, this time to an engineer who was making in excess of $30,000.
>
> #7. This woman, a high school graduate, had a baby when she was nineteen or twenty, single, and still living with her widowed (and very poor) mother. She moved out of the house and became head of household for the next three years, but apparently while still living with a man. She enrolled in AFDC for a few months during 1970 (her total income from AFDC was $364 in 1980 dollars), then left. She continued to live with the man and had another child. In 1974 she married, and had two more children. She worked part time through the 1970s in a service job. As of 1980, her husband was a foreman making over $33,000, while she continued to add $5,000 from her job.

The next case can best be described as a fluke. When one asks the computer to provide a set of cases that meet a certain quantitative criterion of success, a few of these will creep in:

> #8. A 31-year-old woman was on AFDC for 11 straight years, then in 1979 suddenly jumped from a $16,000 reported total family income to $31,000 including more than $17,000 in labor income. This was the apex of the only three years in which her household had *any* labor income. In the first of those years (1978) she earned $454. In 1979, $17,161. In 1980, $5,200. In 1981, back to zero.

There are a few cases in which the evaluation is ambivalent, despite the economic progress that has been made. In case #9, there is the puzzle of why the mother has shown up on AFDC again in 1980-81--it looks as if she is either the mother of a second-generation recipient or taking the system for a ride, neither of which is encouraging. Case #10 has an especially Rashomon quality: The woman got some more education and is now doing well, which is good; she had two more children while still single and living off AFDC, which is not so good

> #9. A 31-year-old woman with little education and two children who reported that she was "separated" remained on the rolls for six years, during which time she had two more children. In 1976 she married a man who regularly made about $15,000 at a

white-collar job. She worked in a service job, and from the late 1970s through 1981 their combined income was close to $30,000. Yet she also reports significant AFDC income in 1980-81. The most plausible interpretation is that the respondent is reporting AFDC payments made to to an eligible daughter living in her home, but this remains speculation.

#10. This woman had two children from a teenage marriage. Her husband made over $18,000; she made about $4,000 in the year before they separated. Then she went on AFDC in 1969, and had two more children while single. She remarried in 1973, but stayed on the rolls through 1974 when, while married, she collected $10,900 in AFDC payments alone (apparently her state permitted AFDC-UP, for married couples with unemployed fathers). She was off AFDC in 1975 but back on again in 1976. In all, she was on AFDC for seven years and collected $48,700 in direct benefits. Sometime during the decade she apparently spent some time in college. Her husband is shown as still having less than a high school education in 1980. In the late 1970s, she and her husband began showing labor incomes of about $20,000 apiece from clerical jobs of the non-secretarial kind (e.g., cashiers, bank tellers, receptionists). From 1979-81, their combined family income averaged over $40,000 a year.

Let me suggest two thoughts to carry away from these cases. One is a sense of the large "epistemic error" that obscures any quantitative analysis of this sort: We are never measuring quite what we think we're measuring. But short of going through each case and making subjective judgments, there is no way to eliminate these counting errors. Changing the quantitative criteria would simply introduce new categories of error. Nonetheless, it is worth remembering: In deciding how to assess quantitative accounts of the success or failure of AFDC, the quantitative measures are intrinsically limited. When the question involves issues that touch on constructs such as "independence," the quantitative measures bear only a fuzzy resemblance to reality.

The second thought has to do with marriage. In *Years of Poverty*, Greg Duncan and his colleagues identified change in marital status as the single dominant explainer of changes in income status for women, and these cases underline that conclusion. In only one case out of those in the 1968-70 entrants, described in #2, did a single woman sustain an income that put her above the median of high school graduates in her age group. This makes the figures on remarriage especially worrisome.

Summary Comments

When a hundred women find themselves on AFDC for the first time, what is likely to have become of them a decade later? That was the form in which I originally put the question when planning the paper. It was asked incorrectly. The answer to a question such as

> When a hundred middle-aged women who for many years have had husbands and families find themselves on AFDC for the first time, what is likely to have become of them a decade later?

is likely to differ fundamentally from the answer to a question such as

> When a hundred young women who have never been married find themselves on AFDC, what is likely to have become of them a decade later?

Thus the first suggestion: *We must begin talking about the effects of AFDC and about reforms of AFDC in terms of specific populations of recipients.* Age is a primary discriminator. Prior marital status is probably worth much more attention than the research literature has given it. Educational attainment is important.

The reason that age is important is partly empirical. *The AFDC picture looks very different when all recipients are lumped together and when they are broken out by a few basic age groups.* Key characteristics--especially the reason for needing AFDC--are decisively different for different age groups. But one does not need data to figure out that 40-year-old women have different needs and strengths and options than 20-year-olds do, and that the two groups shouldn't be aggregated when trying to decide what AFDC has accomplished and how it ought to be reformed. This is not a controversial conclusion; rather, few of the researchers who have been talking about AFDC have noticed how many of the women who show up as "new entrants" to AFDC are also middle-aged.[18]

Similar reasons apply to the importance of prior marital status. Single women who came onto AFDC in this sample stayed on the rolls longer, didn't marry as often, when they did marry didn't marry as well, and so on, and this pattern seemed to cut across racial, educational, and age differences. That this is so makes sense, just as the role of age differences makes sense. A woman who had a marriage and family and subsequently finds herself in need of help after losing a husband is likely to be systematically different from woman who had children without ever forming a marriage. But this paper has done little more than indicate that there may be significant patterns that ought to explored.

Why did a high school degree seem to be so important for this sample? The intuitive answer is that education means greater job and social skills. Another possibility is that the high school degree says something about the qualities of the person who gets it. Again, we know too little.

---

[18] It may be as simple as that: we haven't noticed. Certainly my first reaction upon seeing the age distribution of the sample was that something had to be wrong with the data set. Greg Duncan's first reaction was also surprise. The distribution of age-at-entry is just one of those things that hasn't popped out of prior analyses. Age has been entered in the regression analyses of Bane and Ellwood, and O'Neill et al., in estimating spell length, but then again, so was just about everything else. Nobody seems to have *thought* about the role of age.

A few more specific statements about the AFDC experience are in order. The following apply to the sample of new entrants under the age of 40:

The typical welfare recipient was on AFDC for more than five years of the ten-year followup. The short-term recipient was the exception . Fifty-nine percent of the recipients were on for five or more years of the ten-year followup; only 7 percent got off AFDC after the first year; another 14 percent in the second year.

For the unmarried, uneducated new AFDC mother, the image in the popular mind is essentially correct: Most remain on AFDC for long periods of time. Of the unmarried women who had less than a high school degree, 64 percent were on AFDC for the entire ten-year followup. There is no way to estimate from these data how long they will remain.

This conclusion about length-of-stay clashes with the received wisdom, based mostly on Bane and Ellwood's initial examination of the PSID, that AFDC is predominantly a matter of short-term assistance and that long-term dependency is rare. The received wisdom is based on a miscalculation of the length of AFDC. The original method omitted recidivism and omitted years in which AFDC payments were received but listed in the PSID under "other welfare." Once the calculation is corrected, the odds change substantially. For the sample analyzed in this paper, the original calculation indicates that 28 percent of AFDC entrants received benefits for no more than one year. The corrected figure is 7 percent. Using the original calculation, only 32 percent of the entrants stayed for five years or longer (out of the ten-year followup). The corrected figure is 59 percent. These changes are consistent with the ones found by David Ellwood in his recalculation.[19]

The figures presented above refer to the new entrants who were under the age of 39. Another issue that has yet to be addressed is that of the true figures for new entrants over 40. Twenty percent of the women shown as new entrants to AFDC during 1968-73 were 40 or older. For this group, it appears that a substantial number are not the mother of the dependent child, but the grandmother or other older relative. In such cases, the length of stay on AFDC is likely to be understated, as is the proportion of AFDC cases prompted by the birth of a baby to a single young mother. The magnitude of these errors is not determined. An examination of the new entrants over 40 in this sample suggests that it is not trivial.

How would a hundred women fare? The women in the PSID who came onto the AFDC caseload from 1968-73 behaved very much as the popular stereotype pictures them behaving. The typical person stayed on AFDC for several years, didn't remarry successfully, didn't get into the labor market while on AFDC, and remained poor at the end of the followup except for the grace of welfare income. After all the recent attempts of advocates of AFDC to say that the stereotype is wrong, it seems too pat to conclude that the stereotype applies after all. But it is not that I have found something new. Even in the earlier accounts of AFDC recipiency, it was clear that a large number of recipients were dependent for many years; the attempts to say otherwise have always had to steer carefully around that reality. Now, as continuing examination of the PSID has yielded more accurate understanding of what the data say, perhaps that reality can be broadly accepted by both the defenders and critics of AFDC, and we can move on to arguments about what to do.

---

[19] Ellwood, "Targeting 'Would-Be' Long-Term Recipients." Ellwood's recalculation shows that the mean expected total time on AFDC for first-time recipients is 6.6 years; for all women receiving AFDC at any point in time (not the method used here), the expected total time on AFDC is 11.6 years. (Table I.1, 5)

The distinction between my portrait of the welfare mother and others seems to be this: Others have tended to think of the differential outcomes as spread throughout a more or less homogeneous population (homogeneous in terms of policy prescriptions). They point out that some women are on AFDC a long time, others a short time; they argue that AFDC does not cause dependence to an important extent, because so many are not caught in the trap. I would argue that the differential outcomes are a function of differentiatable populations. The successes and failures are not mixed randomly throughout the population. The hypothesis: For the older and previously married woman, AFDC tends to be a benign source of help. For the younger and the never-married, it tends to deform the marriage and labor market behaviors that would otherwise enable them to achieve a productive adulthood.

Perhaps as a concluding note, another perspective on what happened to the AFDC women may be useful. In the body of the discussion, I used the customary outcome measures--employment, income, relation to the poverty line, and the like--none of which are individually persuasive. The construct of interest is really not these, but something like this: "An AFDC success story has occurred when the woman is functioning both socially and economically." Operationalizing it in a way that will not be seen as too tough by some and too lenient by others is impossible. But suppose I recast it in the terms that a caseworker might use in stating aspirations for clients--that they eventually have a decent marriage and be making a decent living--and convert it to numbers this way:

> Ten years after they came onto AFDC, how many of the women were more than two years into a marriage and more than two years into a period in which she and her husband together earned at least $15,000 a year?

You need not think of it as a measure of success. Consider only how little it is to ask of life if you are a young woman looking ten years down the road. In any case, the answer is twelve percent. One out of eight.

4. POOR PEOPLE

Introduction

The poverty index is the Dr. Jekyll of social indicators. As a longitudinal measure used to view longterm trends among large populations, it has value. As a cross-sectional measure of how many poor people live in the United States and who they are, it is misleading. I am not referring to minor defects in the poverty index nor to inaccuracies because of unreported income from the underground economy. I am not referring to the more pedestrian debate about how to value noncash benefits. Even if these issues were to be resolved, such looming difficulties remain that to say that a particular family is "below the poverty line" conveys no meaning beyond the most general implication of low income.

The classic example is the graduate student. Many if not most of them are technically below the the poverty line, often raising children on the same income that a welfare mother has. Who would knowingly lump graduate students and welfare mothers under the same label? But graduate students are not the problem. Two much larger populations make the poverty numbers for any given year uninterpretable.

The first is the poor population living in small towns and rural areas. Consider the average poverty threshold in 1980 for a family of four, $8,414. Try to imagine raising your family on that amount in New York City. Then try to imagine raising your family on that amount in a small town in Missouri. The differences in cost of living are part of it, but they are barely captured by cost-of-living indexes. One may determine that the rent for the average two-bedroom residence in the South Bronx is X percent greater than the rent for an average two-bedroom residence in Marceline, Missouri. But the money is the least of it. What that average rent does not tell you is what the place looks like and smells like, how many rats inhabit it, what the street outside the front door is like, what the local crime rate is like, what the local schools are like, what your children's playmates and parents are like, and whether you can go outside for a stroll after nightfall.

In 1982, there were 2.7 million families below the official poverty line who were in central cities. That number is likely to be vastly understated, if poverty consists of "living in miserable physical and social conditions." In the same year, 2.9 million families were living in rural areas and small towns.[1] That number is likely to be vastly overstated if poverty means "living in miserable physical and social conditions." Ironically, it may be that the total number of "people living in miserable physical and social conditions" may be about the same as the number of people counted as being beneath the poverty line. But they aren't the same people.

The second of the major problems has to do with the elderly. Our image of the elderly poor is of an isolated, probably sick old person living in a shabby room with a suitcase of belongings, scraping by. The image fits some. But it ignores how little cash income is required to live a decent live if one has reached old age after an ordinarily successful working life, when the equity in the big house has been used to buy a smaller one filled with all the furniture and appliances that are wanted, when there are no longer children who require braces or college tuition, when the car is old, but still works fine. Yes, there are many elderly poor who are just as miserable as the stereotype; there are also many who are not. The poverty statistics leaves us no way to distinguish among them

This is the preface to a plunge into the poverty statistics. At many points in the discussion, I will be treating the poverty index at face value, ignoring all the problems with its conception and computation. At the end, I will try to reconstruct something about who the poor were; not enough to resolve the question, but enough, I hope, to suggest how badly we need an accurate portrait of the nation's poor.

A Few Words About the Larger Picture and a Technical Concern

The objective is to describe what happens to poor people over a period of time--from 1970 to 1980 in this case. But the process of doing so has brought home to me how difficult it is to find certain kinds of poor people. For example, suppose that we wish to analyze what happened to poor white males in the blue collar sample. The basic sample includes 447 such males--that is, a representative sampling of American males with a high school education, not farmers or students, between the ages of 20-64. But only two were poor in 1970. Only two, out of 447.

---

[1] The balance of the 7.5 million, 1.9 million, lived in metropolitan areas but outside central cities. *Statistical Abstract, 1984,* Table 784.

The Concern

Taken at face value, this suggests an extraordinarily small poverty rate among white male heads of household with a high school education. It also suggests another possibility, that the less successful white males had dropped out of the PSID during the course of the 1970s. Let me repeat a point made in the notes to the section on sample selection: For many years, the possibility of attrition bias in the PSID has been investigated, most recently in a study directed by Finis Welch, and to date no one has been able to demonstrate that attrition is distorting the representativeness of the PSID. Substantial attrition in the original sample has occurred, but the people who have dropped out do not seem to be systematically different from those who have not dropped out. Thus, to pursue the example of white males in the blue collar sample, the numbers probably mean what they say: Poverty among this group is exceedingly small, so small that we do not have enough examples of it to conduct an investigation of what it's like and how long it lasts.

Other reasons can prevent us from investigating "what happened" to certain populations of poor people, however. For example, consider one of the populations of greatest priority, the single black male. If we are to take the numbers in the basic sample at face value, we must believe there were no poor black single male adult heads of household ages 20-44 in 1970, and very few aged 45-64. This does not seem plausible.

The sample worked out that way, however. Of the 604 persons who are listed in the PSID as being head of household or spouse of head in 1970, aged 20-64, with a family income below the poverty line, there were 120 black male heads of household, of whom 109 were married. Of the 120, 49 were below the age of 45. Of those 49, 46 were married. In other words there are only three poor young single black male heads of household in the 1970 PSID.

There are several candidate explanations why this number is so low. If marriage rates among this population are as high as for other adult males (near 90 percent), the mathematics of the sampling frame used for the PSID would not have produced many more than this. Even if this is not the entire explanation, it must also be remembered that single black males from poor inner-city neighborhoods--the ones that ordinarily would have contributed a large portion of an oversampling of poor and minorities--are difficult to track. That attrition bias in not generally a problem for the PSID does not necessarily mean that it is never a problem for any subpopulation. Black single males also tend to be identified as something other than a head of household. If, for example, they were living with a woman who was an identified head of household, they would not show up in our sample. If the shortage of such males were concentrated in the youngest age groups, one might also suspect that large numbers were living with parents. That so few are in the sample at *any* age group suggests that other factors are responsible. The point to remember is that in effect we have no data about poverty and single black males. It is not a trivial gap.[2]

The Larger Picture

These problems do not impede the main purpose of this inquiry, which is not to draw a statistical profile of the poor but to explore the histories of some poor people. But, among those groups for which we do have large and apparently representative samples of people, it is salutary to remember what a small proportion of the overall population the poor members represent.

As noted, white male heads of household with an education offer the most dramatic example. Finding enough poor ones to analyze requires a huge sample. The blue collar sample had two poor out of 447, and the college graduate sample had one out of 235. Poor white women in the blue collar and college graduate samples were not much more prevalent--only 1.3 percent of women in the white blue collar sample were poor in 1970, and 1.5 percent in the college graduate sample.

It was not whites who provided the most unexpected results, however, but blacks. In 1970-71--the two years used to choose the set of poor people for this analysis[3]--the Bureau of the Census reported that 33 percent of black Americans were beneath the poverty line: one out of three. Given that official figure (which is used as the basis for the policy debate), what would you estimate the poverty rate to be for a subset of those blacks consisting of male heads of household, not farmers, with a high school diploma but no college?

The answer is 4.7 percent: one out of 21. I quickly add that the 4.7 percent figure is better understood as being the percentage of *married* black males below the poverty line (because of the shortage of single black males in the PSID just discussed). Even with tha qualification, the number remains startlingly low. Who would have predicted that less than five percent of married black males with a high school education were below the poverty line?

Or we may ask of black women, who have been seen as having singularly difficult time of it during the last few decades. Yet for black women with a high school degree, the poverty rate in 1970-71 was 8.5 percent: one out of 12. Or to put it another way, the rate for black women with a high school education was lower than the overall *white* poverty rate reported by the Bureau of the Census (10 percent in the years of 1970-71).

---

[2] This problem has implications for a variety of issues that the PSID has been used to analyze: How does one analyze longitudinal trends among a population that is missing a population generally thought to be a major part of the underclass? The basic prescription for people who use the PSID to draw inferences about young black males seems to be: don't rely on heads-of-household as the sample.

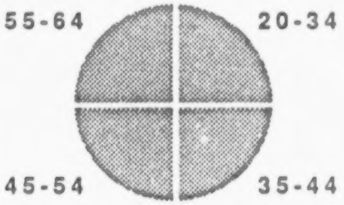
[3] As in the case of economic mobility, the two-year average is used to minimize the number of people who appear to have escaped from poverty because of a one-year change in fortune. But there are biases both ways. Later, I present year-by-year data for all people (a superset of this sample) for the entire decade, to provide an alternative look at the same data.

The tables on the following two pages enable readers to explore these patterns for the different samples used in the analysis by race. As an examination of them will indicate, there is indeed a significant movement in and out of poverty over the long term, but it is concentrated among those without a high school education. To conduct a detailed analysis of how people *with* an education escape from poverty--by race, marital status, age, and so forth--a sample several times as large as the one here would be required.

Movement Out of Poverty I:
Progress from One End of the Decade to the Other

First, we will take a snapshot at each end of the decade. The people comprise everyone in the basic sample whose total family income for 1970-71 was below the poverty line; the measure of poverty at the end of the period is the total family income of these same persons averaged in 1980-81.

There are are 604 individuals in all, with all the usual ways of cutting them (using weighted percentages at all times). By race? 63 percent are white, 37 percent black. By sex? The feminization of poverty already existed in 1970, apparently: 73 percent of the poor adults were women. But as anyone who has read this far is aware, I am especially interested in the age breakdown. It looks like this:



SUMMARY OF POVERTY STATUS FOR THE THREE SAMPLES FROM 1970-71 TO 1980-81, PLUS RESULTS FOR THE DROPOUTS

(Cell entries are weighted percentages.
Ns are unweighted.)

BASIC SAMPLE

WHITES

Men
(n=1,426)

		Status in 1980		
		Poor	Not Poor	Total
Status in 1970	Poor	0.5	1.7	2.3
	Not Poor	1.7	96.0	97.7
	Total	2.2	97.8	100.0

Women
(n=1,825)

		Status in 1980		
		Poor	Not Poor	Total
Status in 1970	Poor	1.2	2.6	3.8
	Not Poor	2.6	93.7	96.2
	Total	3.7	96.3	100.0

BLACKS

Men
(n=488)

		Status in 1980		
		Poor	Not Poor	Total
Status in 1970	Poor	6.2	6.3	12.5
	Not Poor	8.7	78.8	87.5
	Total	14.9	85.1	100.0

Women
(n=963)

		Status in 1980		
		Poor	Not Poor	Total
Status in 1970	Poor	12.4	9.0	21.4
	Not Poor	12.3	66.3	78.6
	Total	24.7	75.3	100.0

BLUE COLLAR SAMPLE

WHITES

Men
(n=447)

		Status in 1980		
		Poor	Not Poor	Total
Status in 1970	Poor	0.0	0.4	0.4
	Not Poor	1.3	98.4	99.6
	Total	1.3	98.7	100.0

Women
(n=792)

		Status in 1980		
		Poor	Not Poor	Total
Status in 1970	Poor	0.2	1.0	1.3
	Not Poor	1.7	97.0	98.7
	Total	2.0	98.0	100.0

BLACKS

Men
(n=89)

		Status in 1980		
		Poor	Not Poor	Total
Status in 1970	Poor	3.9	0.9	4.7
	Not Poor	0.8	94.5	95.3
	Total	4.7	95.3	100.0

Women
(n=255)

		Status in 1980		
		Poor	Not Poor	Total
Status in 1970	Poor	5.1	3.4	8.5
	Not Poor	4.8	86.7	91.5
	Total	9.9	90.1	100.0

SUMMARY OF POVERTY STATUS cont'd.

COLLEGE GRADUATE SAMPLE

WHITES

Men
(n=235)

		Status in 1980		
		Poor	Not Poor	Total
Status in 1970	Poor	0.0	0.4	0.4
	Not Poor	0.4	99.2	99.6
	Total	0.4	99.6	100.0

Women
(n=177)

		Status in 1980		
		Poor	Not Poor	Total
Status in 1970	Poor	0.1	1.4	1.5
	Not Poor	0.0	98.5	98.5
	Total	0.1	99.9	100.0

BLACKS

Men
(n=11)

		Status in 1980		
		Poor	Not Poor	Total
Status in 1970	Poor	0.0	0.0	0.0
	Not Poor	0.0	100.0	100.0
	Total	0.0	100.0	100.0

Women
(n=20)

		Status in 1980		
		Poor	Not Poor	Total
Status in 1970	Poor	0.0	0.6	0.6
	Not Poor	11.3	88.1	99.4
	Total	11.3	88.7	100.0

POVERTY AMONG SCHOOL DROPOUTS

WHITES

Men

		Status in 1980		
		Poor	Not Poor	Total
Status in 1970	Poor	1.4	4.1	5.5
	Not Poor	4.0	90.5	94.5
	Total	5.4	94.6	100.0

Women

		Status in 1980		
		Poor	Not Poor	Total
Status in 1970	Poor	3.3	6.2	9.5
	Not Poor	5.4	85.1	90.5
	Total	8.7	91.3	100.0

BLACKS

Men

		Status in 1980		
		Poor	Not Poor	Total
Status in 1970	Poor	8.0	8.5	16.5
	Not Poor	8.2	75.3	83.5
	Total	16.2	83.8	100.0

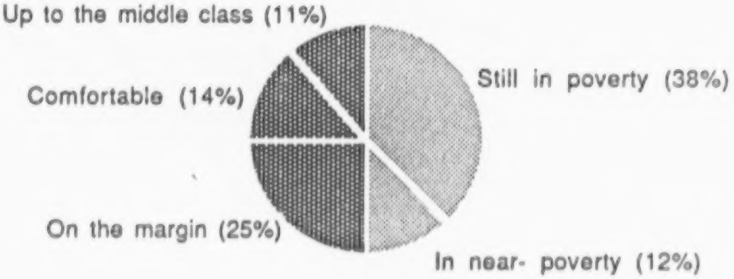
Women

		Status in 1980		
		Poor	Not Poor	Total
Status in 1970	Poor	17.5	12.3	29.8
	Not Poor	15.8	54.4	70.2
	Total	33.3	66.7	100.0

It is not quite as perfect a division as the figure indicates--rounded to the nearest percentage point, the 45-54 group has only 24 percent of the 1970 poor. But close enough.

Overall Progress

We immediately take a look ahead to 1980 to find out how the entire group did:



The shading reflects a separation of those who are at or below 125 percent of the poverty line from the rest. I will be using the labels attached to the figure for convenience as well as for descriptive purposes throughout. They are defined as follows, showing the dollar range in terms of an average family of four in 1980.[5]

In poverty: Below the poverty line. (Less than $8,400)

In near-poverty: 1.0 to 1.25 times the poverty line. ($8,400-$10,500)

On the margin: 1.26 to 2.0 times the poverty line. ($10,500-$16,800)

Comfortable: 2.01 to 3 times the poverty line. ($16,800-$25,200)

To the Middle class: Greater than 3 times the poverty line. (More than $25,200)

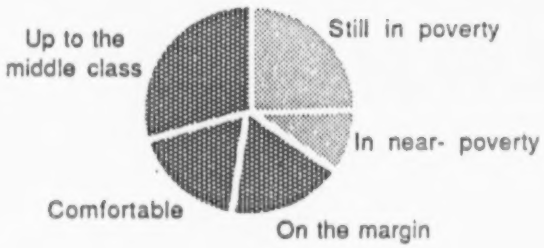
The figure recalls the one in the first section showing income change: Almost exactly half the people did well; the half who got no further than "near-poverty" did not do so well. And once again the initial, aggregated figure leaves us with another of the questions of half-empty and half-full glasses. Is a society in which half of the people who are in poverty escape successful or failing?

Progress by Age Group.

We begin with the 20-34 year-old age group, the one that showed widespread increases in real income in the investigation of economic mobility. The expectation is that this group will also have shown greater-than-average progress in escaping from poverty.

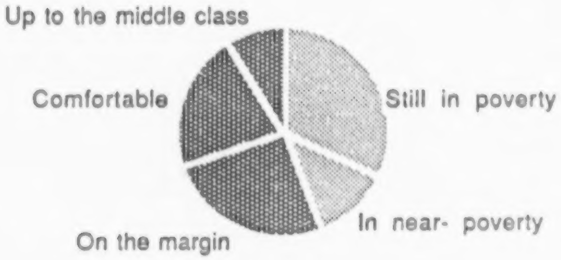
---

[5] The data described in the presentation are taken from the PSID's individual calculations of the need standard for each family in the data base, corrected to match the official poverty standard.

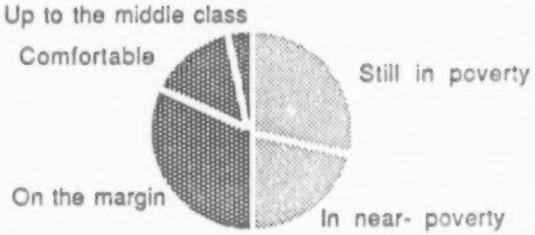


And it did. Only a quarter of the poor remained poor at the end of the decade. Two thirds had escaped beyond the near-poverty threshold.

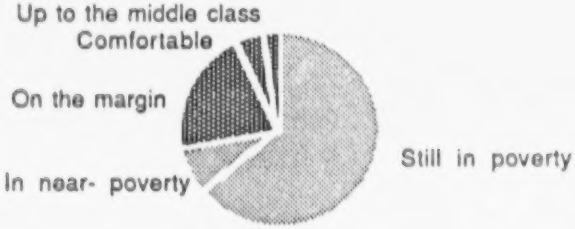
The subsequent age groups show diminishing proportions of people escaping near-poverty, in a pattern that is again familiar (and predictable) from the income change analysis. Those who began the decade ages 35-44 had this set of outcomes:



The 45-54 year olds:



And finally, those who were nearing retirement as of 1970, those aged 55-64:



I run through these breakdowns without lingering because they are self-explanatory. They fit the previous observations about the income trajectory over age and, taken together, do much to clarify the nature of the progress (or lack of it) of 1970's poor people. Whether they *justify* the pattern is another question. A few comments are in order specifically about the pattern for the elderly.

In the case of income change, I argued that some aspects of the income trajectory are appropriate; that it would be unnatural if people in their fifties who were working less did not also earn less; unnatural if young people in their twenties whose capabilities and experience are increasing as they work did not see their earnings increase. Poverty, understood as "the minimum amount necessary to live a decent existence," poses a different problem. Under what circumstances is it ever justified that people be allowed to live beneath the poverty line, regardless of age? Indeed, isn't it more, not less, important that people be protected from poverty as they get older?

Thus the age patterns relating to poverty have implications for public policy that the age patterns relating to economic change did not. Further, the figures above provide an antidote to a perhaps excessive smugness about our victory in conquering poverty among the elderly. The much-discussed reductions in poverty levels among the elderly are real. It also remains true that people who are in poverty as they reach their fifties mostly remain poor into their old age. They do not comprise a large segment of the population (the "in-poverty" wedge in the last figure represents only 5 percent of the 55-64 age group in the basic sample), but their situation nonetheless calls for attention if--the confounding qualifier--*if* we assume that the poverty line points to a significant dividing line.

Progress by Educational Level

In trying to find patterns in the progress of poor people in 1970, what kept some people in poverty and enabled others to move out, education turned out to be crucial. Age continues to be a key variable in the formulation of policy, for the reasons just discussed. But in explaining *why* people are poor, education is extremely powerful.

EDUCATIONAL DISTRIBUTION AT THE OUTSET: THE BASIC SAMPLE. As of 1970, the American population still showed a large generational difference in education. Those who had passed through their school years before World War II had substantially less education than those who came after. To give a quick idea of the difference, 46 percent of those in the basic sample who were ages 45-64 as of 1970 did not have a high school diploma. Among those ages 20-44, the figure was only 24 percent.

The generational difference among blacks is striking. More than half the older blacks had not gotten beyond the eighth grade, compared to only 8 percent of the younger generation. Only one in five older blacks had gotten a high school diploma, compared to more than one of two younger blacks.

The racial gap has diminished across generations, although it remains large. The percentages for blacks and whites by age group as of 1970 are summarized below:

Percentage of the basic sample with a high school diploma or better:

	Ages 20-44	Ages 45-64
Whites	78	57
Blacks	57	21

In both age groups, whites maintained a large lead. But among those 45 and over, the proportion of whites with a high school education was approaching three times that of blacks (2.7 to 1). Among those ages 20-44, the ratio was 1.4 to 1.

EDUCATIONAL DISTRIBUTION AT THE OUTSET: POOR PEOPLE. Now let us examine the same basic breakdown for poor people:

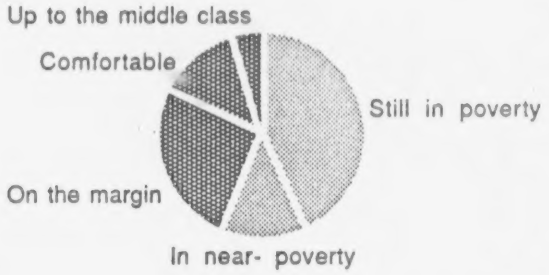
Percentage of poor people with a high school diploma or better:

	Ages 20-44	Ages 45-64
Whites	44	15
Blacks	23	5

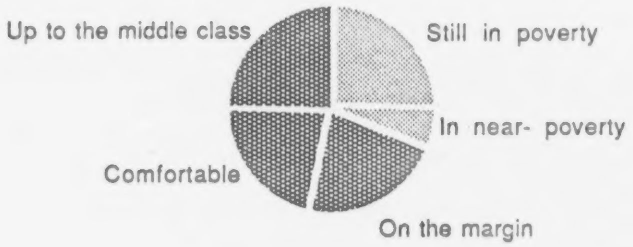
The inference is clear: Poverty strikes selectively. Poor people of 1970 were very poorly educated, in comparison to the rest of the nation and in raw terms. The median poor person had fewer than 9 years of formal education. Only 24 percent had a high school diploma or better. Hardly anybody had a college education: Only 2 percent of the people with a college degree or more as of 1970 (and who were not still students) were also poor.

The question of interest here is what effect levels of education seemed to have not just on the likelihood of "being in poverty" in a given year, but on the process of escaping poverty. As it turns out, the effect is substantial.

First, consider the difference for all age groups. This is what happened to the poor people of 1970 who did not have a high school diploma:

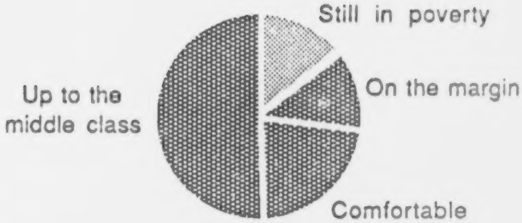


Compare it with the progress of those who did get a high school degree:



A high school degree in 1970 was not a particularly demanding achievement, but for whatever reasons (as in the case of the welfare mothers, I will not try to separate out self-selection from skills from credentialing), the high school graduates who were poor in 1970 did much better than the dropouts. A quarter moved up to the middle class, compared to only 5 percent of the dropouts. Only a quarter remained in poverty, compared to 43 percent of the dropouts.

Those who went to college did best of all (though the sample size is so small that not much attention should be paid to these specific proportions):

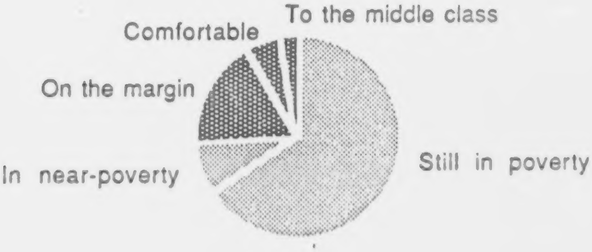


Poor people in 1970 who had some college did not stay poor very often. Chances were that they would reach the middle class by 1980.

Age and Education

Once education and age are both taken into account, there is very little left to explain about what happened to the poor people of 1970. Not everything is explained, but these results clearly are at odds with the Michigan portrait of the dynamics of poverty which sees the population thrown into and out of poverty by events beyond their control. The proposition: For any given year, knowing the age and the education of a poor persons tells one a great deal about his chances of escaping from poverty, and about how far he will rise.

THE ELDERLY AND EDUCATION. For the elderly, aged 55-64 in 1970, there is little to explain because there are so few elderly poor with a decent education. Virtually everyone (103 out of 110) of the poor elderly people in the basic sample had less than a high school education. Here is how the elderly poor with less than a high school education fared in the subsequent decade:[6]

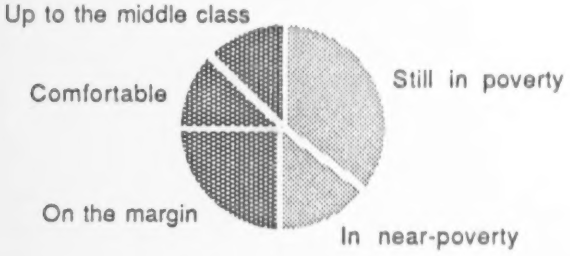


A poor person with little education in his fifties or sixties has few ways to get ahead, and that is reflected in the results. An inspection of the exceptional cases reveals that most reflect progress not because income increased, but because children grew up and left the home, thereby reducing the family's poverty index and bringing the family above the poverty line even though income remained stable.

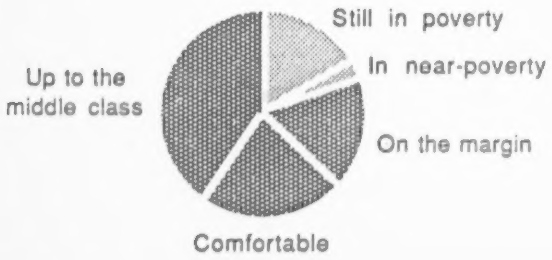
---

[6] When sample sizes are at issue, I report the raw number in the sample, but all statements regarding those samples (when the samples are large enough to report) continue to be stated in weighted terms.

YOUNG PEOPLE AND EDUCATION. Those poor persons who were facing the best years of their lives for getting ahead, those ages 20-34 in 1970, did reasonably well in escaping poverty no matter what their educational level was. We begin with those without a high school education:



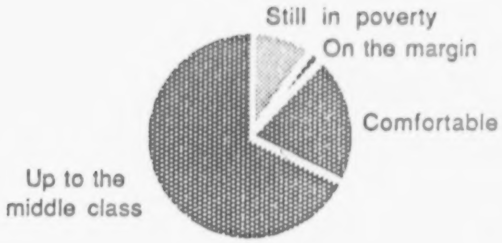
In many societies, this distribution would be considered a profile of success--even among people without a high school education, half got reasonably far out. But that success rate pales when we consider what happened to those young people who were poor in 1970 but who had gotten a high school degree:



Only one out of six young persons who were poor in 1970 and had a high school degree remained poor by 1980. Nearly two-thirds (63 percent) got beyond twice the poverty level by 1980; a full 40 percent got to more than three times the poverty level, or what I have labeled as the middle class.

Among the poor young people who had some college, the sample size drops so low (9 persons) that the numbers are untrustworthy, but they are consistent with the pattern:

86



If you have a college education and are young, it is highly unlikely that you will be poor and even more unlikely that you will remain so.

Movement Out of Poverty II: Year-By-Year Patterns

We return to the population of poor people in 1970, asking what happened to it during the intervening years from 1970 to 1980. To answer that question, there must be some way of modeling what went on from year to year. It is not easy. Others who have used the PSID data have sought patterns using a convenient, easily scanned method that assigns "1" to years in which the subject was below the poverty line and "0" to years in which he was not, so that the eleven years from 1970-80 can be summarized in a form such as

10010000100

There are two ways to view such a pattern. One is to assume that all zeroes are alike: If you're not poor, you're not poor. In this case, then, we seem to be looking at someone who every so often gets hit by misfortune. The other way is to assume that the person with a pattern such as

10010000100

may not really be so different from a person with a pattern such as

10111011011.

The fact that a person is above the poverty line does not mean that he has moved very far above poverty. Rather than make up data, let me use some actual cases (chosen for variety from the first ten cases in the file of people who were poor in 1970). I have sorted them by number of years in poverty:

10000000000
10000011001
11010000110
11110111000
11111001111

We have a little bit of everything, from one person who escaped from poverty permanently to one who was in poverty for 9 of the 11 years. The ones in the middle had their periodic problems, but they were not "persistently poor," to use the term employed in *Years of Poverty* for persons who were poor for eight years out of ten.

Now we ask for each of these years whether the family was *near-poor*, with an income lying between 100 and 125 percent of the poverty index. "1" indicates a year of near-poverty. The results are:

01111101000
00110000110
00100001000
00001000010
00000000000

Clearly, some of these apparently widely separated episodes of poverty were linked to some extent by periods of near poverty which, in money terms, are quite close. In 1980, the average poverty threshold for a family of four was $8,414. A person who made 125 percent of the poverty line, the maximum represented by this procedure therefore had $10,518 for a family of four). When we superimpose the two patterns using "2" to signify poverty and "1" to signify near poverty, the results are:

21111101000
20110022112
22120001220
22221222010
22222002222

What first looked like episodic lapses into poverty are not quite so uninterpretable. One may carry the process further. Suppose we add a category designating those who were between 125 percent and 150 percent of the poverty line. Superimposing those results ("3" now stands for poverty), the pattern looks like this, with the original poverty-nonpoverty version alongside for comparison:

32222212101	10000000000
30221033223	10000011001
33231002331	11010000110
33333333121	11110111000
33333013333	11111001111

The family that "escaped" poverty after the first year was an extremely low-income family throughout the period; in only one year out of the 11 did it have an income in excess of 150 percent of the poverty line. The next-to-last family that appeared as if it might have broken out of poverty (with the last three years showing "0" in the original version) is still hovering so close to the poverty line that a minor change in family composition or in income will bring it into poverty again. And so on.

To get the greatest level of detail consistent with a quick scan, I produced profiles with values ranging from "0" (at or below the poverty line) through "9" (more than 3 times the poverty index) in increments of .25 of the poverty index:

0	At or below the poverty index
1	101%-125% of the poverty index
2	126%-150%
3	151%-175%
4	176%-200%
5	201%-225%
6	226%-250%
7	251%-275%
8	276%-300%
9	More than 300% of the poverty index.

The scale takes the measure to the vicinity of the middle class, as in the top category for the pie charts presented earlier. As noted, the average threshold for a family of four in 1980 was $8,414; that family with an income of three times the poverty index would have been making over $25,000, or roughly the median of the basic PSID sample from which the poverty subsample was taken.

To complete the illustration, here are the same five cases shown using the complete scale. Once more I put the original poverty-nonpoverty profile alongside for comparison (remember that with the 10-level scale, "0" is poverty; in the original binary scale, "0" stood for "nonpoverty"):

```
01111121232 | 10000000000
09112900110 | 10000011001
00102331002 | 11010000110
00002000212 | 11110111000
00000320000 | 11111001111
```

In the original version, there were three "interesting" cases--people who seemed to be moving in and out of poverty episodically, caught in the turmoil of the economy. In the last version, there is only one really interesting case, the second one, which shows two abrupt and highly prosperous years alongside a low-income profile throughout the other years. I suggest that the other four all look very much alike: low-income people who occasionally dipped below the poverty line during a decade in which the poverty index was of course constantly shifting depending on their family makeup and inflation. In other words, the anomalies apparent in a zero-one binary scan are in part an artifact of the procedure, not of what happened to the families.

An Application to an Anomalous Population

This method of scanning the poverty patterns has two main uses. One is to enrich our understanding of how many people really do bounce around erratically in the income distribution. This implies scale analyses that can become highly complex, and that are not appropriate to this paper. A second use, however, is to aid in the exploration of anomalous cases.

Consider, for example, one of the most widely cited findings in *Years of Poverty*, that we really cannot expect to conquer poverty through the labor market:

> Neither low work hours in general nor unemployment in particular keep many households headed by men below the poverty line. Most of these able-bodied men work close to full time, and while a relatively small number do suffer long spells of unemployment, only a small number would be lifted out of poverty if unemployment were completely eliminated.[7]

This assertion poses a fascinating question. Judging from everyday experience, it would seem difficult to work full time for any length of time and remain poor. Who are these men who head households, work full time, and still are poor? What becomes of them subsequently?

Finding these men in the basic sample is straightforward. The computer is instructed to select all males who reported nearly full time work, operationally defined as at least 1,750 hours of work (equivalent to 50 weeks at 35 hours per week or not quite 44 weeks at 40 hours per week) in 1970 and also reported total family income under the poverty line. The instructions provide us with 82 cases. The income profiles and the ages of these 82 men are shown in the table on the following page.

---

[7] Duncan, *Years of Poverty*, 55.

The first finding is that many who worked full time in 1970 soon stopped being poor. In this, the physical appearance of the listing of cases is misleading. Because of oversampling of minorities and other disadvantaged persons, many of the cases of people who remained poor were black, with small weights, while those who stopped being poor tended to be white, with large weights. Therefore the correct statement (not reflected in the relative length of the lists) is that 39 percent of the men who worked full time in 1970 but were nonetheless poor show a profile of increasing prosperity that left them reasonably comfortable by the end of the decade. Another 20 percent got out of poverty more or less permanently. They are classified as "getting along." An examination of these cases will reveal success stories of one degree or another, and it would be instructive to examine them. But we are trying to zero in on the anomalies, those who couldn't make a go of it in the labor market, so we turn to the third column. They represent 41 percent of the cases. They all worked in 1970, but were nonetheless poor. They still were poor, or near-poor, or exhibited highly unstable incomes, as of 1980. Who were they?

To readers who have gotten this far, it will come as no surprise that many were old: 62 percent were 45 or older. The overwhelming majority were poorly educated: 86 percent had less than a high school education. The characteristics of the people who remained poor does not make their poverty less important, but it does considerably alter the nature of the prescription. If we have in our mind a 30-year-old man working full time but failing to get above the poverty line, then one set of implications comes to mind. If instead we find that a man of 60 with less than a high school education is earning less than the poverty line, then a very different set is suggested.

The profiles of the older working poor also tend to sound similar. For example, here is a reconstruction of the situation for five cases in which the man was 45 or older as of 1970, selecting the first five such cases (by ID number) in the file:

> #1. 00025001300. He is a poor farmer. Black, 58 years old in 1970, no education, he and his wife made $6,360 in 1970; by 1980, they had moved to a city where he and his wife were retired, with an income of $4,300.
>
> #2. 02471000000. He was 47 in 1970, black, a salesman or clerical worker with a grade school education. He was listed as poor that year, but the family income was $11,500--the family had a high poverty index because of children. Ten years later, in his late fifties, neither he nor his wife worked. He listed himself as retired and his wife as a housewife, with an income of $2,800. Neither was disabled.
>
> #3. 00000013000. A 54-year-old black man, grade school education, married, he made $7,700 in 1970. In 1980 he was still married but retired in 1980, no disabilities. They had a total income of $5,100 in 1980.

#4. 01101010031. This man was a "craft & kindred" worker, white, age 50 in 1970, grade-school education. In 1970, he took home $11,300. In 1980 he was still working full time, making $18,600. He and his family live in a rural area.

#5. 00000000021. Resembles #2 and #3--black, married, grade-school education, age 59 in 1970. He made $8,100 as an operative in 1970 and subsequently retired. He and his wife had an income of $6,600 in 1980. They live in a rural area.

The profiles essentially portray elderly men who had jobs, made a living, and were retired by the end of the decade. One case, #2, shows such a low income ($2,800) that quite serious poverty is indicated. On the other hand, the man was only 57 that year, not disabled, yet specifically listed himself as "retired." Neither was his wife are in the labor market. The other cases included one who was doing quite well (making $18,600 in a rural area) and three others in which retirement-aged couples were making from $4,300 to $6,600 a year--which could represent misery or comfort, depending on the kinds of variables discussed earlier that make assessing low income among the elderly so problematic.

Let me turn from the profiles of the older persons to those which are intrinsically odder: the young men (ages 20-34 in 1970) who worked full time but couldn't make a living above the poverty line as of 1970. Using the weighted percentages, 84 percent of the young males who behaved in that manner got up and out of poverty to varying levels of prosperity. Here is a synopsis of each of the six who remained "in trouble" in 1980:

#1. 03574268802. A white 33-year-old in 1970, married, with some college but no degree, he is apparently having trouble with his business. He did quite well for several years, with one dip. In 1980, he reports working 3,060 hours and getting a labor income of $7,630. He describes himself in 1980 as self-employed, his wife as a housewife.

#2. 02220000300. Thirty years old in 1970, white, less than a high school education, he has been disabled throughout the period, even though he reported working 2,600 hours in 1970 as a self-employed person. He is married, but his wife is not in the job market. He was getting over $7,000 in "other welfare income" in 1980.

#3. 00200000005. A black man, 30 years old in 1970 and with less than a high school education, in 1980 he shows an income at more than twice the poverty level, but that is a coding error in the PSID "needs ratio" (the PSID inevitably still has a few). Actually, he continued to be poor. He is a man with less than a high school education living in a rural area but not a farmer. He worked 1,000 hours last year, apparently as a part-time farm laborer. He reported himself as being disabled in 1970, but not in 1980.

#4. 00100061002. An unskilled laborer with less than a high school education, black, 24 in 1970, living in a small town, he worked for 1,560 hours in 1980 and made $7,100. He is alone, separated from his wife, and reports no disability nor unemployment..

#5. 00000011220. Another unskilled laborer in a small town, 28 in 1970, black, he has a grade school education. He made just $3,970 from 2,000 hours of work. His wife worked 2,000 hours, and the total family income was $11,217. He is below the poverty line because they have several children.

Males Who Worked Full Time In 1970 But Were Nonetheless Poor In 1970

By 1980, they were...

...making a comfortable living	(age in 1970)	...getting along	(age in 1970)	...still in trouble	(age in1970)		(age in1970)
09899999995	23	00111422159	20	00100061002	24	02471000000	47
01121144776	23	04357535213	22	00000011220	28	00000012111	48
09699998999	24	00372472222	34	00200000005	30	01011003120	48
03775923869	27	01021131537	34	02220000300	30	00032131102	49
08999994999	29	00013221232	40	00000001120	33	00222120121	49
04032379993	30	00401544653	41	03574268802	33	00000000122	50
01111155675	32	00201485633	42	00000000001	35	00020023405	50
00399999999	33	02001110487	42	00000000215	35	01101010031	50
01892987999	39	00000114213	42	00000000222	35	00176000003	51
00799670999	41	00954009612	43	00000002006	35	00000000000	52
03513242377	44	07713147565	43	00000022240	35	03200012012	52
01101215569	45	02221344361	45	00010011014	35	00012131112	53
00000689963	47	01102122394	46	01010000000	35	00000000102	54
03343355766	48	00010023531	47	00000000001	37	00000013000	54
06922458895	49	01000269781	48	00000000412	37	03031005102	54
00005392455	53	02112222354	51	00001011830	37	00000041631	56
		02122063213	51	00000020100	40	00410239390	56
		00100023542	52	00000112110	40	03330311010	56
				00000000000	42	00011234440	58
				00010000000	43	00025001300	58
				00000000000	44	01241134222	58
				00000004343	46	00000000000	59
				00011001025	46	00000000021	59
				03335499950	46	01010000100	60

Percentage of the group (using weights):

39%		20%		41%			

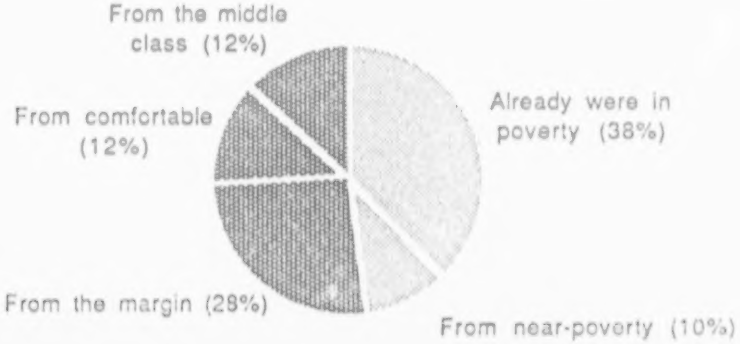
#6. 00000001120. A replay of #6: Grade school education, unskilled labor, black, 33 in 1970, he made little ($6,000) from 2,952 hours of work; his wife did better, and the total family income in the rural area where they live was $16,087. Again, they were below the poverty line because of number of children.

In sum: When one takes every case in the PSID of a poor male head below the age of 35 who worked full time in 1970 but had less than 150 percent of a poverty income in 1980 (plus the case involving poverty hidden by a coding error), one emerges with just six cases. With one exception, a businessman with ups and downs, all had less than a high school education. Four of those live in small towns or rural areas. The two of those who are married had total family incomes in 1980 of more than $11,000 and $16,000--far from a starvation income in small towns. Reading these cases, one must view with a skepticism assertions that in the American economy one can work full time and still remain poor. The bald statement may be true. The policy implications that have been drawn from it are different from the ones that are to be drawn from a closer look.

Movement into Poverty:
The People Who Fell into Poverty from 1970-1980

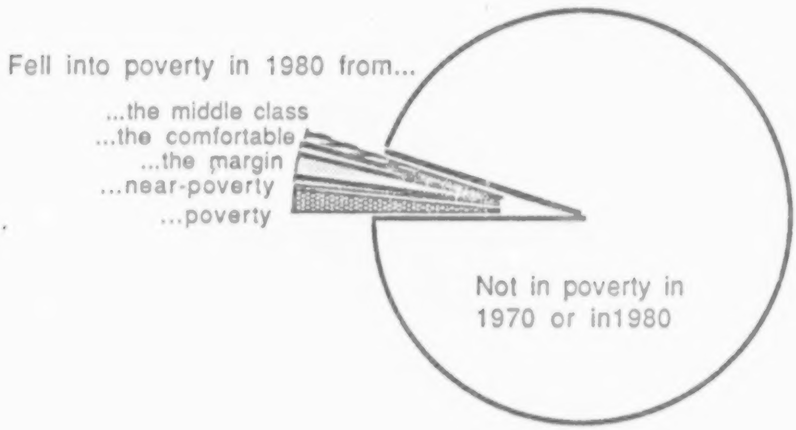
That there is a route out of poverty is not much comfort if the fates can also capriciously throw you back in at any time. The sample now consists of the 523 people in the basic sample whose total family income was below the poverty line in 1980. What misfortunes befell them?

These are the circumstances from which they arrived in poverty. 1970 is the baseline year:



Almost half of the poor in 1980 had been poor or near-poor in 1970 as well. Three quarters had had an income no higher than twice the poverty line.

As reported in the earlier discussion of poverty from end-point to end-point, these represent small portions of the total population. The 1980 poverty population constituted only 5.4 percent of the basic sample. To illustrate this, it is salutary to replicate the figure above with one more category: people who were not poor in 1980. It now looks like this:



The cases that follow cannot be plucked at random from the PSID files; they are highly exceptional. At this point, however, our primary interest is in their dynamics rather than their rarity.

Another Anomalous Population: Those Who Fell From Affluence

Let us apply the profiles of income to another anomalous population. Before, we examined those who were working full time but remained poor. Now, we focus on the people who fell from grace: They were poor in 1980, but at some time during the 1970s they had been prosperous. Or, to put it technically, the sample consists of the 74 persons in the basic sample, representing 1.4 percent of the population, whose income was greater than 3 times the poverty level at some time during the period 1970-79, but was below the poverty line in 1980.

The table on the following page shows the patterns for these 74 persons. These are an even scarcer subset of the scarce set of people who fell into poverty--the percentages at the bottom of the table show each category as a proportion of the basic sample. But they are unquestionably a variegated lot,

Income Patterns for People Who Fell Into Poverty from1970-80:
The Subsample of Those Who Once Had a Middle-Class Income

Deceptive affluence	Short spike from a usually nonpoor baseline	Two-peaked prosperity	Reversal of fortune in 1980-81	Temporary setback with recovery in 1981	(1981 score)	Deceptive poverty	(1981 score)	Long-term fall into poverty
10110112090	24955522120	18040231910	11253999890	88999969960	8	59999999780	9	24494100000
10900020000	33209344550	18040231910	54494479910	89999989970	7	59999999780	9	47954642300
21079300000	34553293030	20070615390	56797698940	99099997950	7	99999099990	9	49397678410
29022220100	35169822210	94970254510	79993946630	99099997950	7	99999099990	9	57997477400
30194000000	35169822210	99993048740	79993946630	99993048740	6	99999989950	9	95567211100
96110002000	42892330410		89998599910			99999999990	9	99996640000
11119630000	45554357900		95555799940			99999999990	9	37799540140
	46589225630		99498976790			99999999990	9	46899990000
	46589225630		99685669990			99999999990	9	47987900000
	51400091660		99685669990					48999830220
	62296911010		99993276960					50994731040
	97313412310		99999993100					64979850300
			99999995920					66999777000
			99999999030					69999203000
			99999999750					70399001110
			64556889840					76997000010
								99911001000
								99930011000
								99930011000
								99997512010
Proportion of the Basic Sample:								
0.09%	0.28%	0.11%	0.34%	0.16%		0.18%		0.27%

raising one's curiosity about how some of the more *outré* patterns might have occurred. Once again, I will try to piece together portraits. The number is too large to run through them all--presenting 74 qualitative descriptions is overkill for this exploratory discussion. Instead, as a neutral method of selecting cases for description, I calculated the standard deviation in the yearly pattern scores for the years 1970-80, and chose the five cases at each end of the distribution.[8] Choosing the five cases with the smallest deviation picked up people with a modest income who had one or more bursts of affluence; choosing the five with the largest deviation tended to pick up those who had experienced prolonged stretches of both poverty and affluence.

The five cases with the smallest deviation (among those, remember, who had at least one year with a "9") were as follow. The added score shows what happened in 1981.:

34553293030	4
33209344550	0
24955522120	1
29022220100	0
64556889840	0

#1. 34553293030. This is a white woman, high school education, wife in a farm family. She was 37 in 1980, with five children, but still worked full time as an "operative other than transport" as she had been doing since 1970. In 1976 they had a good year, bringing in more than $32,000 which accounts for the spike in income; in 1978 and1980 the family had bad years. As of 1981, the family was back up to an income of $19,700.

#2. 33209344550. This is a black woman with some college living in a large city. She was 42 by 1980. In 1970, she had been separated and on welfare. By 1980 she was married, but her husband was unemployed and they were getting about $4,300 in welfare income. She worked full-time in a service job. Their income in 1980 was $13,800, which left them below the poverty line because the couple had five children. The affluence was a one-year phenomenon in 1974, the year during which she got married, when total family income reached $34,600.

#3. 24955522120. This is a black woman with less than a high schol education living in a large city. She was 40 by 1980 and had been on welfare in both 1970 and 1980. In 1980, she worked 1,038 hours at a clerical job, for which she says she earned $600, an unexplained inconsistency in the data. The apparent affluence in 1972, which amounted to an income of $17,500, was more than twice the amount she earned in any other year. There was no change in marital status that explains the sudden prosperity.

#4. 29022220100. This is a white women with less than a high school education in a large city, aged 36 as of 1980. She was divorced in both 1970 and 1980, with three children. In 1970 she was working as an operative making $16,000 a year. In 1971 her income reached $23,500, but with the exception of that single year she has lived in poverty or on the margin since 1972. The odd thing about this case is that she reports a major disability as of 1980 (she did not in 1970), but reports no welfare income and when asked about her labor market status lists herself as "housewife" instead of the alternative "permanently disabled." She had an income of $6,400 in 1980, from unknown sources.

---

[8] The data consisted of the yearly scores (ranging from 0 to 9) for each of the eleven years 1970-80. This procedure had the effect of ignoring variation below the poverty line and (more significantly) above a poverty ratio of 3:1, so that I would not be exploring the case of, say, a man whose income varied between $100,000 and $1,000,000.

#5. 64556889840. This white male was 34 by 1980, single throughout his life. He had less than a high school education, then apparently got his degree sometime during the 1970s. He is a "craft & kindred" worker who apparently has worked regularly in the same town (between 10,000-25,000 population) throughout. He has never been as prosperous as his profile might suggest: Because he is single, his poverty index is low. In his best year, he made only $14,500. But he has not done as well since 1978. No disability is listed, and no unemployment. There is some confusion because he lists 1,520 hours in 1980 for a labor income of only $2,894. One likely hypothesis is that he owns a small shop (e.g., a repair business) and has not been making much money.

Now we turn to the five cases with the largest variation over the period 1970-80. The profiles were as follow:

99911001000	0
99996640000	0
99999993100	4
69999203000	1
46899990000	3

#6. 99911001000. A white woman aged 71 in 1980, living in a city, was widowed in the early 1970s. Her annual income dropped abruptly from more than $19,000 to about $3,500. She and her husband both had eighth-grade educations. It is noteworthy that, although 71 years old, she reports no Social Security income in 1980.

#7. 99996640000. A white woman aged 66 in 1980, living in a rural area, unreported educational level, was divorced throughout the period, but apparently made a good living. Her income exceeded $20,000 annually until she was 60 years old, when her income dropped but remained comfortably above the poverty line until 1977. At that time, she apparently quit working and began living on Social Security. She reports no disability nor is she in the labor force.

#8. 99999993100. A white woman, no children, 58 in 1980, was widowed during the 1970s. She lives in a town of 10,000-25,000. She formerly worked as a professional (she and her husband were both college graduates), making $19,500 on her own in 1970. The combined family income until her husband died was about $34,000. She apparently continued to work for one more year. As of 1980 she lists no disability, no social security or welfare income, and terms herself "retired."

#9. 69999203000. This white woman was 55 in 1980, living in a large city. She and her husband both had only grade school educations and she has apparently not worked at any time from 1970 on. Her husband, with a job in the craft & kindred category, made $40,000-$55,000 in the early 1970s. Then they divorced, and her income plunged abruptly. She says she is "a little" disabled in 1980 and shows $3,200 in "other welfare income." She also lists herself as a housewife, not in the labor market. There were four children in the house in 1970, none in 1980.

#10. 46899990000. This white women, 61 in 1980, living in a large city, was a widow in 1970 and in 1980, but something strange happened in between. Her income went up sharply from 1972-76, then dropped to below the poverty line. An intervening marriage and new widowhood is the most likely explanation. She has never held a job since the first observation in 1970, is not disabled, and lists herself as "housewife." She gets only about $600 annually from Social Security.

These examples, while informative, did not capture some of the most interesting roller-coaster profiles. Let me supplement them with some others that seem best to exemplify the instances of people caught in economic turmoil. They consist of the cases with two peaks--clearly separated periods (at least two years) in which the score was "8" or "9", and between which peaks the family had dipped to a score of "4" (below a 2.0 income/poverty ratio) or lower. The profiles that fit this description (again appending the 1981 score) are:

18040231910	0
99993048740	6
99993276960	3
54494479910	1

#11. 18040231910. This is a white couple, ages 62 and 59 in 1980, grade school education, married but with no children in the house during the period of observation. He was a "self-employed businessman" in 1970, she an unskilled laborer. They moved from the small town where they lived in 1970 to a farm, where the man reported working 3,000 hours in 1980. She listed herself as looking for work. Both also reported themselves as having disabilities that limited their work "a lot." Their income reached two one-year peaks of $15,400 in 1971 and $23,900 in 1978. The volatility of income for self-employed businessmen and farmers is the most likely explanation for their income pattern.

#12. 99993048740. This is a white married couple, ages 58 and 56 in 1980, high school education, who work together in their own business. During the early 1970s they had a total income in the vicinity of $25,000. This diminished subsequently, with a particularly bad year (in reality or for tax purposes) of only $3,200 income in 1975. The second peak (an "8" in 1977) represented $13,600 in income. By 1980 they still had the business but the man worked only 1,170 hours that year and the wife did not work at all. They reported an income of $1. In 1981, income rebounded to $11,200 (a "6").

#13. 99993276960. This white man, age 32 in 1980, had started the 1970s as part of a two-income couple in which his wife, said to have been a professional, made $19,000 while he made $10,000. He was still listed as married in 1980, but the wife didn't work. His occupation in 1970 was listed under "miscellaneous"; in 1980 under "manager not self-employed." He worked only 780 hours in 1980, but there is no mention of unemployment or disability. In the meantime, he had also moved from a large city to a rural area. Also, to make the story more intriguing, the head of household is shown as having a college education in 1970 and less than a high school education in 1980. As the husband, he would ordinarily have been listed as "head" of household" in both years. Was the woman (whose job was "professional") actually listed as head of household then? Or did the man give two different answers? Was there a divorce and remarriage not revealed by the data I have available? Or is there some other source of confusion?

#14. 54494479910. This is a disabled white woman, less than high school degree, aged 47 in 1980, who was married in 1970 and subsequently divorced. She lives in a rural area and has never held a job; she lists herself as permanently disabled. Since she does not work, but her income remained well above the poverty line until 1979, one plausible explanation is that her "craft & kindred" husband had a fluctuating income until a divorce in the late 1970s. In the earlier swings, income never fell below $14,000 nor rose above $28,000.

Are there any generalizations to be drawn from such an exercise? An obvious one is that risky ways of making a living tend to produce strange income patterns. Farmers represented 8 of the 14 cases of "recent downturns" and "fluke poor" (in weighted terms, 42 percent), for example, even though they represented only 11 percent of the overall population of poor people in 1980. Self-employed businessmen and salesmen were the other two predominant populations.

Another generalization is that women tend to have the most volatile income patterns, consistent with the finding in *Years of Poverty:* 75 percent of the cases involved women. But they were concentrated in a certain type of pattern: the fluke-affluent, those with a very short burst of affluence, and those who experienced a sudden shift from consistent affluence to consistent poverty.

But such findings are hardly a surprise. The real significance of the thumbnail sketches is to expose the dangers of making policy on the basis of the poverty statistics for any particular year. They also vividly illustrate the reason that social scientists who use the poverty index as a statement of well-being must begin getting behind the numbers. Every one of the people in the preceding sketches was was poor in 1980--a putative object of concern of social policy. Each, at some point earlier in the decade, had earned an income at least three times as large as the poverty index--putatively distant from poverty. And yet what wildly different inferences could be drawn from these sketches by people who fill in the gaps from different policy perspectives. Suppose, for example, that you were to visit the homes of the elderly women who constituted cases #6-#10. All had been poor or near-poor for at least three years as of 1980. Would they turn out to be the miserable elderly or the comfortable elderly?

The point is that we don't know. We are making important decisions about public policy on the basis of poverty statistics that don't mean what they are supposed to mean. The fixes do not lie in more precise valuation of non-cash benefits or in the more precise imputation of unreported income. They lie in understanding the correspondence between "being beneath the poverty line" and living an impoverished life.

Summary Comments

If the poverty index is the Dr. Jekyll of social indicators, poverty is the elephant of welfare policy, with social scientists playing the role of the groping blind men. We each describe a different appendage without really contradicting one another. Thus, for example, I read the specific statements about the characteristics of poverty in *Years of Poverty* and have no arguments with the great bulk of them. They are true. And yet the reading I take from the PSID data is fundamentally at odds with the gestalt of such descriptions. Let me quote from a passage by James Morgan and his colleagues as a point of departure. Discussing their inability to detect a statistical association between attitudes and poverty, they express doubt that a culture of poverty can explain the existence of persistent poverty. They conclude:

> [W]e may have been oversold on the Protestant Ethic and have refused to see the extent to which people are the victims of their past, their environment, luck, and chance. It is after all difficult to believe that there are not some situations where individual effort matters--in seizing opportunities for better jobs, moving to new areas, or avoiding undue risks. But for public policy purposes and for arguments about the extent to which one could reduce dependency in our society by changing the behavior and attitudes of dependent members, the findings certainly do not encourage expectations that such changes would make much difference.[9]

Let me pose an antipodal conclusion: The PSID reveals with striking clarity that the requirements for getting out of poverty in this country are so minimal that it takes a mutually reinforcing cluster of behaviors to remain in poverty, even if you are black and even if you are female. If you follow a set of modest requirements, you are almost surely going to avoid poverty.

These requirements for a male, black or white, are to go to a free public school and complete high school. Get into the labor market and get a job, any job, and stick with the labor market. Do so, and the odds that you will be poor are small. If you are poor, the odds that you will not only get out of poverty but get comfortably out of poverty are very large. Consider: Of all men ages 20-64 with just a high school education, only six-tenths of one percent were in poverty in 1970. Even for blacks, only 4.7 percent of black male heads of household with just a high school education were even in near-poverty by

---

[9] James N. Morgan, Katherine Dickinson, Jonathan Dickenson, Jacob Benus, and Greg. J. Duncan, *Five Thousand American Families--Patterns of Economic Progress,* Vol 1 (Ann Arbor: Institute for Social Research, The University of Michigan, 1974), p. 366.

1980. Among adult males with just a high school education of all races, 91 percent had family incomes greater than *twice* the poverty level. Among adult black males, 86 percent had family incomes greater than twice the poverty level. If you are a male in this country, being not-poor is easy.

For women, the aggregate odds are not so different. Again using adult women with just a high school education as the benchmark, only 2 percent of all of them were in poverty as of 1970. For black women, the figure was much higher: 8.5 percent. But it is higher primarily by comparison. How many people, asked to estimate the economic status of black women with just a high school education, would have had the temerity to assert that more than 90 percent are above the poverty line? These higher rates do, however, point to a different set of requirements for women. They go like this:

One option is to get an education, acquire skills, and get a job. For such women, if they don't have children, avoiding poverty is no more difficult than for men.

Another option is to marry a man who will be a good and conscientious provider. This requires the woman to assess his character accurately. To be safe, it is better to acquire job skills too. But even given the chancy business of predicting the future, the vast majority of women who marry avoid poverty, whether or not the marriage lasts.

Whatever else she does: A poor woman who wishes to get out of poverty ought not have a baby out of wedlock. This is not a moral statement but an empirical one.

None of these requirements is exotic. On the contrary, they constitute the most commonplace advice, with an empirical foundation for adding, "It works." Put in these terms, the main policy question is: *How can policies affecting poor young people encourage them to do the very ordinary things that need to be done to avoid poverty?* But that formulation alone is not enough. If we give it all our attention, we will repeat the mistakes of the past--when we thought that doing good was a simple enterprise. Let me suggest that we also ask: How do policies affecting poor young people *encourage them not to do* the very ordinary things that need to be done to avoid poverty?

The elderly pose a different set of problems. It is true on the one hand that the elderly poor constitute one of the most obvious and least problematic objects of income supports. If the only problem regarding welfare were to provide adequately for them, there would be no need for a national debate on welfare reform. But it is short-sighted to see the elderly poor as a population separated from their pasts. A legitimate interest in helping the elderly poor need not prevent examination of the ways in which different policies applied to youth might diminish the need for such help in the future.

The disabled pose different problems still. Like the elderly, they are not intrinsically a source of controversy. The way we have gone about our disability programs *is* a source of controversy. The abuses of the program have served no one well, most especially the disabled who want to lead productive lives rather than rely on a stipend. In developing good policy, the age factor is crucial once more: The life that we wish for a 55-year-old poor laborer with a bad back is quite different from the life we wish for a 25-year-old poor youth with a bad back, and the ways that public policy treats the two probably ought to be quite different as well.

Having put these views on the table, it is time to recall my earlier cautions about the meaning, or lack of it, of the poverty index. A person making twice the poverty index but living in the inner city is not necessarily out of poverty. It could be argued that no one living in certain neighborhoods is out of poverty properly defined, no matter how much money is coming in. The urgent task of the state regarding this type of poverty is not to get more money into people's hands, but to do what a government can do to nourish and protect an environment within which people who have enough money to lead a decent existence are able actually to do so. That leads to a host of issues that are not the subject of this paper, but which I believe should be at the center of the debate on social policy. They have to do with protecting people from crime, protecting them from drugs, and providing schools that teach for children who are prepared to learn. They have to do with providing a civilized social framework for people who want not merely to survive but to prosper; not merely to have incomes but to be full members of a functioning community; not merely to exist, but to pursue happiness.

AMERICAN ENTERPRISE INSTITUTE FOR PUBLIC POLICY RESEARCH
1150 - 17th Street, N.W., Washington, D.C. 20036
(202) 862-5800